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All change for France's political appointees
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Software secrets
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Where Japan's new PM is coming from
Page 3



Chinese medicine
The bumpy road to economic stability

FINANCIAL TIMES

THURSDAY, AUGUST 5, 1993

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Rhône-Poulenc chief warns of 10% profit fall

Rhône-Poulenc, French chemicals group and one of the companies which will spearhead the government's privatisation programme, yesterday warned of a fall in profits for the first half of 1993 and for the year as a whole. Chairman Jean-Rene Fourtoul said the group's first-half net profits were expected to be about 10 per cent down on the FF1,55bn (\$260m) reported for the same period last year. The share price fell from FF158 to FF154. Page 11

News Corporation plans to raise about A\$500m (\$338m) through an issue of convertible preference shares to help pay for the acquisition of a 6.6 per cent stake in Star TV, Hong Kong-based satellite TV company. Page 11

Midland Bank seeks lending opportunities. Midland Bank, UK subsidiary of HSBC Holdings, reported half-year pre-tax profits of £385m against £60m in the same period last year despite persistent bad debt provisions. Chairman Sir Peter Walters (left), said the bank was now able to take advantage of any rise in domestic lending. The banks was "actively pursuing" opportunities to lend. Page 12; Lex, Page 10

Hard to heal rifts over Europe: UK government ministers have launched a concerted attempt, led by foreign secretary Douglas Hurd, to heal Conservative party wounds over Europe ahead of next year's European parliament elections. Page 5

Go-ahead likely for N-plant: The UK government said it was "minded" to give the go-ahead to the £2.5bn Thorp nuclear reprocessing plant at Sellafield in northern England. Page 10; Details, Page 5

Timeshare law may be tightened: The Isle of Man, the legal jurisdiction for many European central banks' timeshare contracts, is considering a law which will shorten the period during which buyers can cancel their contracts. Page 5

Jaguar, UK luxury carmaker, increased its sales in the US - its most important market worldwide - by 24.7 per cent in the first seven months of the year to £823 from £658 a year ago. Page 5

BT signs deal on switching gear: British Telecom has signed a deal with AT&T of the US and Alcatel of France, to test equipment that could lead to the next generation of advanced switching systems. Page 5

Steelmakers seek new coal pact: Negotiations have begun between German steel producers and Ruhrkohle, which produces 80 per cent of the country's coking coal, which could radically change an agreement committing German steel producers to buy all their coking coal from high-price domestic producers. Page 2

French government challenged: France's constitutional watchdog challenged the government's legislation to make the Bank of France independent. Page 2

Honda chooses UK partner: Honda Engineering, part of the Japanese motor group, has chosen Stacore of the UK to help it make systems for automotive components manufacture in Europe. Page 4

Glynwed International, UK metals and plastics processing group, achieved an 18.8 per cent improvement in first half pre-tax profits to £18.3m, its fourth consecutive half of improved results. Page 16

Index-linked bonds spread: The strength of the UK's index-linked gilts market has prompted other countries to consider issuing government bonds linked to their inflation rate. Page 11

In Shops, Birmingham-based property group, is acquiring the Milbank Foods chain for £8.15m, (\$13.1m) but is seeking a buyer for its Executive Centres serviced offices subsidiary. Page 17

Stolen Kuwaiti antiques found: Part of a private collection of antiques worth millions of dollars taken from Kuwait by the Iraqis during their seven-month occupation of the emirate has turned up at Sotheby's, the international art dealers, in London. Page 10

STOCK MARKET INDICES		STERLING	
FT-SE 100	2941.3 (-3.7)	New York: S&P 500	1,900.1
Yield	3.8	London	1,900.1
FT-SE Eurotrack 100	1,028.09 (+6.20)	Paris	1,501.50 (+1.50%)
FT-SE All-Share	1,426.84 (-0.07%)	Frankfurt	1,501.50 (+1.50%)
Nikkei	20,497.55 (+139.91)	Madrid	1,501.50 (+1.50%)
New York: Dow Jones	3,598.52 (-4.73)	Stockholm	1,501.50 (+1.50%)
Dow Jones Ind. Ave.	3,598.52 (-4.73)	Oslo	1,501.50 (+1.50%)
S&P Composite	448.76 (-0.51)	Amsterdam	1,501.50 (+1.50%)
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3.14%	New York: S&P 500	1,900.1
3-mo T-bill	3.14%	London	1,900.1
Long bond	7.07%	Paris	1,501.50 (+1.50%)
Yield	6.33%	Frankfurt	1,501.50 (+1.50%)
LONDON MONEY		NORTH SEA OIL (August)	
3-mo interbank	5.74% (same)	Brent 15-day (Sep)	\$16.75 (16.6)
Libor 3m	5.74% (same)	WTI	\$16.75 (16.6)
NORTH SEA OIL (August)		GOLD	
Brent 15-day (Sep)	\$16.75 (16.6)	New York: Gold (Aug)	\$399.2 (403.4)
WTI	\$16.75 (16.6)	London	\$401.5 (403.4)
GOLD		YEN	
New York: Gold (Aug)	\$399.2 (403.4)	Tokyo close	¥104.25
London	\$401.5 (403.4)		

VW summons directors to crisis meeting

By Christopher Parkes in Frankfurt

VOLKSWAGEN directors with the power to hire and fire its top management have been summoned to a meeting tomorrow to discuss allegations against senior executives and worries that the group will record a loss this year.

A company spokesman said there was no reason to suggest that the job of the production director, Mr José Ignacio López de Arriortúa, accused by General Motors, his previous employer, of industrial espionage against

it, was in doubt. The meeting is due to begin at 5pm GMT tomorrow.

News of an extraordinary sitting of the supervisory board came shortly after a statement from VW yesterday that it is to cut a further 3,000 jobs in Germany by the end of 1994.

Earlier this year, the company said it intended to reduce the payroll at its six domestic plants by 12,500. More than 5,000 workers have gone since then, and a further 10,000 jobs will disappear in the next 12 months.

Analysts said the group faced a loss of at least DM700m (\$407m) this year. Observers calculate

turnover could fall by 10 per cent this year, while VW's own profit forecasts are based on a decline of 5 per cent - a target which company officials describe privately as "over-optimistic".

"It is clear that our earnings forecast cannot be attained if the drop in sales is larger," Mr Ferdinand Piëch, group chairman, said in an interview.

He drew fire last week from politicians and business leaders for a clumsy attack on GM with xenophobic overtones. His attempts to fight back in what he calls a "war" with GM and its German subsidiary Adam Opel led to accusations that he was

damaging Germany's reputation. Mr Günter Rexrodt, economics minister, intervened personally with an offer to mediate.

The VW supervisory board, including representatives of Germany's leading banks, unions and the state of Lower Saxony, which owns almost 20 per cent, has so far been solidly behind Mr Piëch and his team.

A recent meeting between a small group of management and supervisory board directors decided that it would withdraw support for Mr López only if he were ultimately found guilty. Mr Piëch, who has unequivocally bound his fate to that of his

Spanish colleague, is expected to tell the meeting tomorrow evening of Mr López's "stunning performance" so far, a spokesman said.

The group's North American subsidiary said yesterday that sales of Volkswagen cars in the US last month were down 46 per cent on July last year. With total deliveries to customers of 25,000 vehicles, sales in the first seven months of the year had fallen 46 per cent.

Mercedes-Benz said its July sales in the US were up 45 per cent in the year to the end of last month sales were down 12.6 per cent at 34,590.

Foreign exchange dealers taken by surprise

Weaker ERM currencies rise against D-Mark

By James Ritz in London and John Riddling in Paris

THE French franc, Belgian franc and Danish krone rose sharply against the D-Mark yesterday after the countries' respective central banks kept the cost of borrowing their currencies at extremely high levels in the more relaxed conditions of the European exchange rate mechanism.

In price movements which astonished many currency dealers, the French franc gained more than 5 centimes against the D-Mark in London today while the Belgian franc closed in London inside its old ERM fluctuation band.

In New York yesterday, the Danish krone was trading at DKr3.9316 to the D-Mark, close to its old ERM floor against the German currency of DKr3.9016.

There was no indication yesterday that the three central banks were acting in concert to support their currencies against the D-Mark, or that they had established any informal exchange rate targets.

Several dealers in London said the move had taken the foreign

exchange markets by surprise, and may have brought heavy losses to banks and to speculative hedge funds which had sold these currencies in the expectation of interest rate cuts.

"A lot of our dealers and customers do not know what is going on in the market right now," said the head of sales at one of London's leading commercial banks.

Other market operators took a more relaxed view of yesterday's events, saying that trading had been comparatively thin.

In Paris, there was no indication whether the authorities were aiming to maintain the franc's exchange rate against the D-Mark or whether interest rates would be cut today in the Bank of France's regular money market operation.

Mr Edouard Balladur, the French prime minister, yesterday however reaffirmed the French government's commitment to the stability of the franc and to monetary discipline following the easing of the French franc's link with the D-Mark in the ERM.

"Nothing has happened leads me to think that there can

be less financial discipline," the prime minister was reported as saying by an official spokesman, after he had met government ministers.

Yesterday's sharp decline in the value of the D-Mark was due mainly to the cost of borrowing funds in the money markets of France, Denmark and Belgium.

The cost of borrowing French francs for one day hovered at about 12 per cent yesterday, partly as the Bank of France had not restored a portion of the French francs removed from the market when intervening in the currency's support last week.

The French franc peaked at FF3.4500 to the D-Mark at one stage, close to its old ERM floor of FF3.4305. It later fell back to close at FF3.466.

The D-Mark's decline also helped to push the dollar up in European trading, and the US currency gained more than 1/4 a penny against the D-Mark to close at DM1.7105. Sterling rose 1/4 pence on the day to close at DM2.5675.

Currencies, Second section
Lex, Page 10



Time out: Bosnian President Alija Izetbegovic on arrival in Geneva. His return to the peace talks hinged on Serb forces complying with a deadline to withdraw from key mountains around Sarajevo. Page 10

Italian poll likely within six months

By Haig Simonian in Milan

AN EARLY general election in Italy has become more likely following approval of crucial electoral reforms by the lower house of parliament, the Chamber of Deputies.

Yesterday's decision, which followed Senate approval late on Tuesday night, means the election will largely be fought on a majority voting system, with a small element of proportional representation.

The decisions were the final stage of a process begun after a referendum in April gave overwhelming support to a change in voting for the Senate. That provided the impetus for similar changes in the lower house.

This week's final approvals, which required both chambers of parliament to pass each other's reforms, remove one of the chief obstacles to a new election.

Voting is expected later this year or early in 1994, as parliament now has four months to draw up and approve new constituency boundaries and to pass the 1994 budget.

By the new voting arrangements, three-quarters of the seats in the upper and lower houses will be allocated via a UK-style "first past the post" system. The rest will be filled by proportional representation. Polling will take place on a single day.

The present electoral system, based purely on proportional representation, has been blamed for the fragmentation of Italian politics and the proliferation of parties.

There are 16 political groupings in parliament at present.

Elections in future will complete two voting forms for the lower house. One will be for the "first past the post" constituency-based system, and the other will express a party preference for the remaining seats.

Parties will be excluded if they win less than 4 per cent of votes nationally under the proportional system, which divides the country into 27 electoral regions.

Support for the reforms has not been unanimous. Several parties favoured either an exclusively majority voting system, or two-round voting as in France. The differences suggest that, even after the reforms, the problem of unstable governments will not be resolved immediately.

Parliament, which begins its summer recess at the end of this week, will now consider the redrawing of constituencies.

Parties pressing for an early election, such as the Northern League and the (former Communist) Democratic Party of the Left, are likely to argue that the task can be accomplished in time to hold a general election before the end of the year.

Clinton takes fight on budget to Congress

By Roger Matthews in Washington

PRESIDENT Bill Clinton took the battle to win approval for his budget proposals to Capitol Hill yesterday, declaring: "I do not think the Senate will let this plan go down. I do not think they will do that to the country."

The US House of Representatives is due to vote on the compromise budget today, with the more finely balanced Senate vote due tomorrow. Under the compromise worked out by Congress the budget deficit will be reduced by \$496bn over the next five years. This will be achieved by raising more than \$345bn in new taxes and cutting about \$250bn in spending.

Asked if he was going to win, the president would only say: "I hope so." Defeat would represent a severe setback for Mr Clinton and his administration's hopes.

Mr Al Gore, the vice-president, whose casting vote was needed to get the original budget bill through the Senate, said yesterday: "One way or another, this bill is going through."

To hunt Republican complaints that higher income tax for the country's top earners

Continued on Page 10

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NEWS: EUROPE

German steel groups seek easing of coal supply pact

By Ariane Genillard in Bonn

NEGOTIATIONS have begun which could radically change an agreement committing German steel producers to buy all their coking coal from high-price domestic producers.

Thyssen, Krupp-Hoesch, Mannesmann and Preussag, Germany's largest steel-makers, are discussing with Ruhrkohle, which produces 80 per cent of the country's coking coal, a partial lifting of a 1991 contract compelling them to buy from domestic sources.

The talks follow a Duisburg court ruling allowing Klöckner-Werke, the steelmaker recently rescued from bankruptcy, to use imported coke, which is 30 per cent cheaper, for 30 per cent of its needs.

Thyssen and Krupp-Hoesch argue that the ruling effectively invalidates the purchasing agreement which sought to ensure the survival and gradual restructuring of the heavily subsidised German mines by 2005.

They say they are no longer

legally obliged to abide by the contract which stipulates that all signatories must be granted the same purchasing conditions. "We are not accepting that a competitor is allowed to buy cheaper coal and stand by doing nothing," a Thyssen official said.

Ruhrkohle, whose unsold

Ruhrkohle's unsold stocks of coal and coke rose by 3.5m tonnes last year because of declining orders from the recession-hit steel industry

stocks of coal and coke rose by 3.5m tonnes last year because of declining orders from the recession-hit steel industry, said the negotiations could jeopardise a further 2m tonnes of coal a year.

Klöckner-Werke won backing in June from its creditors, including the European Commission, for a debt write-off scheme despite warnings by other steel-makers that it

would affect the entire German steel and coal industry. Steel industry sources said the solution might be for Ruhrkohle to keep its monopoly but to sell 30 per cent of its output at import prices.

Such a move could give a large boost to the competitiveness of German steelmakers.

An official at Ruhrkohle,

which is owned by steel and utilities groups, warned that lower prices would accelerate the closing of mines and loss of jobs. It is already planning 20,000 redundancies in the next two years after cutting 7,300 jobs in 1992.

"We are all in the red. We have to find a common solution to get out of the crisis," he said.

The closure of additional mines is likely to cause significant embarrassment to government officials in Bonn and in the state of North Rhine-Westphalia, where most of the west German mines are located.

Talks this year on the mines' future and their financing have so far proved fruitless. Utilities groups, which are also obliged to buy locally-produced coal, have joined forces with the steel industry in calling for a rethink of the government's plan for the coal industry.

But progress on such politically sensitive issues have been hampered by the prospect of regional and federal elections next year.



Thousands of grief-stricken Belgians lined the streets of Brussels yesterday in silent tribute to King Baudouin as his cortege wound its way towards the royal palace in the heart of the city where he will lie in state before being buried on Saturday.

Ethnic carve-up a backward step, insists Izetbegovic

By Laura Silber in Geneva

ROPEs are receding that the dream of a tolerant, multi-ethnic Bosnia can be maintained in the face of intensifying fighting and the apparent willingness of the international community to countenance the ethnic carve-up of the country at the Geneva peace talks.

Bosnian Muslim President Alija Izetbegovic yesterday publicly acknowledged the defeat of a multi-ethnic Bosnia, and reluctantly

admitted that a tripartite division of Bosnia is inevitable, "because it will give Muslims a Bosnian state. For the moment the idea of a multi-ethnic Bosnia is dead. Future generations can hope for such a state. But only after they have sobered up from their state of drunkenness," he told Radio Sarajevo. "While other countries are moving towards multi-ethnicity we have taken a step backwards."

Events this week have highlighted the fears of Bosnian Muslims,

Croats and Serbs that what remains of the multi-ethnic fabric of the country is fast disappearing. The current Muslim offensive on Croat-held towns in central Bosnia has followed an earlier land grab by Serb forces, and Croat troops to tighten their stranglehold over what remains of Bosnia.

The fighting prompted Croat members of the Bosnian presidency, whose true allegiances may be with Croat nationalists, to withdraw from the ten-member body in protest against the attacks by Muslim forces on Croat troops and civilians.

Mr Miro Lasic, a Croat member of the presidency, said that "even in Sarajevo, Croats literally disappear from the streets. Serbs, too, as well as urban Muslims."

Mr Miro Lasic, a Serb member of the Bosnian presidency, warns that in the event of the republic's partition over one million people will cross ethnic lines, fearing for their fate after 16 months of war.

Mr Lasic, a member of Bosnia's

wartime presidency which includes representatives of the republic's three main ethnic groups, is struggling to preserve a state which has been mostly annihilated by Serb and Croat territorial ambitions.

Serb leaders of the self-styled Srpska Republika have already created their ethnic state, by killing or expelling hundreds of thousands of Muslims from about 70 per cent of Bosnia.

Croat nationalists have also hampered out the borders of their own

mini-state, which over the last week has shrunk during the Muslim offensive.

The ethnic division of Bosnia will effectively punish non-nationalist Serbs and Croats, who will be left without a country. They are now wondering what will happen to their families.

Mr Nijaz Durakovic, a Muslim opposition deputy who is married to a Serb, says: "The international community's goal was to stop the war, not to divide up Bosnia."

Yeltsin says monetary reform badly prepared

RUSSIAN President Boris Yeltsin said yesterday that a controversial monetary reform was in general a good idea but its implementation had been badly prepared, Reuter reports from Oryol, Russia.

Mr Yeltsin told second world war veterans in the southern city of Oryol that discord between the central bank and finance ministry were to blame for the ruble reform fiasco and promised a thorough investigation into how it had been worked out.

"On the whole, the bank's decision is understandable," he said, adding that the large number of different banknotes in circulation had whipped up inflation and helped crime. But he added: "Now it is clear to what extent the decision was badly thought out. We are looking into every aspect of how this decision was prepared and taken and we will draw serious conclusions."

The central bank announced its decision late last month to withdraw pre-1993 roubles from circulation as Yeltsin was returning from holiday to face parliamentary opponents.

The move, imposing tough restrictions on the amounts of old banknotes Russians could change into new money, and the limited time frame in which they had to do it, triggered public outrage.

Leyla Boulova, adds: The Association of Russian Banks yesterday said it had asked the Constitutional Court to examine the central bank's botched monetary reform.

French bank proposal challenged

By John Ridding in Paris

FRANCE'S constitutional council has challenged government legislation to make the Bank of France independent, ruling that important parts of the law cannot be enforced until the Maastricht treaty on European union comes into effect.

However, the government yesterday played down the ruling, saying that the treaty should be ratified by all 12 European Community members by the end of the autumn. It would reintroduce the legislation then.

"We will introduce the law in identical form to the initial

Council says independence must await passage of EC treaty

text," said an official at the economy ministry. He added that the council ruling would not affect the timing of the implementation of the law because certain administrative procedures, in particular the formation of the central bank's governing committee, had still to be completed.

The council decided that since the French constitution granted the government responsibilities for deciding the nation's policies, parliament could not grant the Bank of France the power to determine important areas of economic policy.

It further said that parliament could not forbid the central bank to receive instructions from the government.

The French government is seeking to create an independent central bank to increase the credibility of the country's commitment to price stability.

Independence for the French bank is also an important step towards the creation a Euro-

pean central bank as part of the process of European monetary union.

This process has suffered a setback following the widening of exchange rate bands within which currencies of the European exchange rate mechanism can fluctuate. Wider bands were agreed last weekend in Brussels following sustained attacks on the French franc and other ERM currencies.

The constitutional council's ruling is the second time in a month that it has clashed with the government. At the end of July, it ruled against a law on the reform of university education.

NEWS IN BRIEF

Ukraine warned on nuclear arms

RUSSIA yesterday urged Ukraine to reconsider its wish to retain for the time being some former Soviet missiles, saying the move threatened world stability and nuclear safety, Reuter reports from Moscow.

Interfax news agency quoted a government statement as saying Ukraine's moves to assert control over some of the nuclear arms on its territory violated its international obligations and could not be accepted by Moscow.

"This is fraught with serious consequences for world stability and safety," the statement said.

Greek privatisation bill delayed

Greek Prime Minister Constantine Mitsotakis was forced yesterday to back off from presenting a bill to privatise the state telephone company after members of his conservative party threatened to vote against the sale, Reuter reports from Athens.

Mr Mitsotakis said: "The draft bill is not ready yet and I can't tell you when it will be tabled in parliament." Earlier government officials had said the bill would be presented this week and voted on by August 12.

Macao ex-governor acquitted

Mr Carlos Melaenda, former governor of Portugal's Asian colony of Macao, was acquitted of corruption charges by a Portuguese court yesterday, Reuter reports from Lisbon. It was the first major corruption trial of a political figure in Portugal since the dictatorship ended in 1974.

The state prosecutor said she would appeal against the majority verdict by two of three trial judges.

EC imposes chemical duties

The European Commission has imposed preliminary dumping duties on imports of ethanalamine from the US, AP-DJ reports from Brussels. Ethanalamine is used to make detergents.

The Commission said it would provisionally impose duties of between Ecu584 (\$660) and Ecu652 a metric ton on US ethanalamine imports.

Romanian coalminers defiant

Thousands of Romanian coalminers yesterday vowed to continue a strike in the Balkan state's Jiu Valley mines until the government agreed to their pay demands, Reuter reports from Petroani.

Mr Miron Cosma, who brought the area's 45,000 miners out on strike on Monday and has led the miners on violent marches through Bucharest over the past three years, renewed a call to Prime Minister Nicolae Vacaroiu to visit the Jiu Valley. The miners have demanded a doubling in pay, increasing basic monthly wages to up to 224,000 lei (\$260), which with bonuses would give the miners up to 500,000 lei, 10 times the national average wage.

W German industrial orders fall

FIGURES released yesterday by Germany's Federal Statistics Office show west German industrial orders for June fell by 1.5 per cent compared with the previous month, writes Judy Dempsey in Berlin.

However, demand for consumer goods rose 1.5 per cent over the same period.

A statement issued by the federal economics ministry said the decline in industrial orders, greater than economists had expected, was due largely to a fall in orders for capital goods. These dropped by 3.7 per cent in June compared with May. Orders for May and June together fell in real terms by 7.3 per cent compared with the same period in 1992.

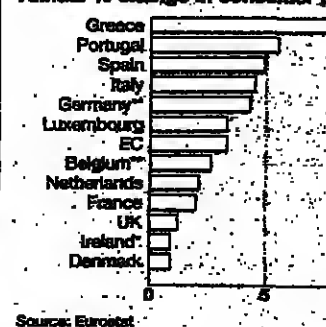
The fall in foreign orders was only slightly down, by 0.5 per cent, but economists were concerned about the possible impact the radical changes to the bands in the exchange rate mechanism would have on German exports over the next few months.

Correction

The inflation chart on page 2 in yesterday's Financial Times was incorrect. It should have read as follows:

EC Inflation

Annual % change in consumer prices, June 1993



Source: Eurostat

Pressure in France for rates cut

By John Ridding

A DEBATE has begun in France's governing RPR-UDF coalition about when and how quickly to cut borrowing rates.

Some members of the Gaullist RPR, notably Mr Philippe Séguin, the national assembly president, are believed to favour rapid action in order to capitalise on the easing of the franc/D-Mark link.

Mr Nicolas Sarkozy, government spokesman, said government and president had been in total accord over last week-end's currency crisis.

Meanwhile, Mr Günter Rexrodt, Bonn economics minister, has disputed the French view that high German interest rates caused the crisis.

In an interview with Le Monde newspaper, he pointed out that high German rates had not prevented France from reviving its economy and resolving its structural economic problems.

Delors fails to attract all commissioners to talks

By Lionel Barber in Brussels

AT LEAST three EC commissioners are not expected to attend tomorrow's emergency meeting of the European Commission to discuss the fallout from the explosion in the exchange rate mechanism.

Likely absentees among the 17-strong Commission include Mr Peter Schmidhuber, German commissioner responsible for the budget; Mr Bruce Millan, British commissioner responsible for regional aid; and Madame Christiane Scrivener, the French commissioner responsible for EC tax policy.

Mr Jacques Delors, president of the Commission, who is still suffering from sciatica at his home in Clichy, near Paris, will attend. He is said to be disappointed that his call for a special Commission session in Brussels has failed to persuade all commissioners to break holiday plans or previous engagements.

Commission officials



Jacques Delors: failed to persuade all commissioners to break holiday plans

describe tomorrow afternoon's gathering as the first chance to examine economic and political consequences of the crisis which has forced the EC to

abandon its system of tightly managed exchange rates.

The increased threat of currency fluctuations will have a "profound impact" on EC farm prices, a Brussels official said. For the first time in 15 years, German farmers face falling prices because of the likely upward revaluation of the D-Mark. Equally important are the implications for the 1994 budget of EC currency devaluations against the Ecu.

At least four EC commissioners, including Sir Leon Brittan, the Community's chief trade negotiator, are in France. Mr Padraig Flynn, the Irish social affairs commissioner, is in County Mayo. Mr Yannis Paleokrassitis, Greek commissioner responsible for the environment, will travel from Greece. Mr Joao de Deus Pinheiro, former Portuguese foreign minister who handles information policy at the Commission, will also be present.

See Commodities, Page 26

Secret service scandal seizes the Czech imagination

THE indictment last week by a Prague military court of a secret service agent threatens to open a corruption scandal involving the Czech Republic's secret service, a maverick businessman and leading politicians.

All have been drawn into a web of allegations made by Mr Václav Havel, a 48-year-old former member of the StB, the communist secret police. Mr Havel is awaiting trial on charges of selling private and economic information gathered by the secret services before and after the "velvet" revolution which overthrew communism in 1989.

The scandal has been fed by a daily diet of news and "revelations" which has occupied the front pages of local newspapers since Mr Havel's indictment, leading to intense speculation over exactly what and who are involved.

Czech television last week said

these included confidential information on the government's privatisation programme, as well as potentially compromising information on the private lives of senior Czech politicians, including President Václav Havel and Prime Minister Vaclav Klaus.

Patrick Blum on charges of the sale of confidential information

The information is said to have been gathered by the StB, and later by the Federal Security Information Service (FBIS) established in 1991 to replace the hated StB, and collected within a special file of "Personalities in Political and Economic Life".

The FBIS itself was succeeded by a

new Security Information Service (SIS) at the end of last year, not long before the break-up of the former Czechoslovakia into separate Czech and Slovak states. Critics say it continues to harbour many former employees of the FBIS and its Stalinist predecessor.

The recipient of at least part of this information was Mr Viktor Kozeny, a controversial young entrepreneur and head of Harvard Capital and Consulting (HC&C) - one of the country's largest voucher privatisation funds whose shareholdings have an estimated book value of about \$600m and a market value more than double that.

Mr Kozeny admits he paid up to Kcs500,000 (£12,000) to Mr Wallis, but he says this was because Mr Wallis was blackmailing him by threatening to reveal damaging information about himself and his business.

In a statement on Tuesday, Mr

Kozeny said: "I was blackmailed by a man whose real function as employee of this institution (the FBIS) was not known to me. Neither I nor Harvard Fund have anything to hide."

Mr Wallis says he supplied the information - including information gathered by the FBIS on HC&C - at Mr Kozeny's request.

According to CTE, the Czech news agency, the information was passed on to Mr Kozeny between March and December 1992. Mr Wallis was arrested on December 7 while passing information to and accepting Kcs100,000 in payment from Mr Kozeny, who had informed the FBIS.

Mr Wallis was indicted on charges of abuse of public office and divulging state secrets and faces up to 10 years in jail if found guilty. Mr Kozeny is the main witness in the case against Mr Wallis and faces no charges himself.

Mr Kozeny, who set up HC&C with \$3,000 to make it a major shareholder of some of the Czech Republic's most important financial institutions and companies, has faced controversy before. HC&C was investigated by the secret police in 1991, and in January last year, Lidové Noviny, a respected daily newspaper, revealed that several of its employees were former StB and interior ministry officials.

Mr Kozeny's rapid success and somewhat brash style have made him many enemies as well as admirers among Prague's small business and political community.

At the weekend, several newspapers questioned Mr Kozeny's version of events, and Lidové Noviny said it was unusual for a blackmailer to make gifts even in the shape of confidential information to the person he was blackmailing.

Local observers believe the scan-

dal is the most visible sign yet of a growing web of corruption which involves former communist officials, organised crime, politicians and businessmen.

Mr Jiri Dienstbier, former dissident and foreign minister after the revolution, last week said: "The Wallis affair is like the tip of the iceberg of a whole system of corruption which is spreading here."

The Wallis affair, as it is now known, follows a smaller scandal involving the illegal sale of personal data on 2m Czechs from the interior ministry's central registry to a private company which, it was alleged, promptly sold it to Procter and Gamble for an advertising campaign.

An investigation ended inconclusively in June. "It was impossible to find out the source (for the information) in an official and legal way," said Mr Petr Zelasko, a police official.

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NEWS: THE AMERICAS

Policy ambitions of the White House hang by a thread, reports Roger Matthews

President at mercy of his own party

IT is the highest budget deficit reduction package in the history of the US. Better than that, it is the highest budget deficit reduction ever, anywhere in the world. With such extravagant claims, members of the Clinton administration and senior Democrats have launched their last-ditch campaign to win congressional approval for the president's amended budget proposals.

Rejection could seriously undermine the authority of the White House for the next three and a half years. Not that anyone around President Bill Clinton is talking of defeat, despite the closeness of the votes expected in both the House of Representatives and the Senate in the next two days.

What is promised instead is a change in national direction, a new momentum and an end to the gridlock which for the past 12 years has seen president and Congress locked in almost perpetual conflict.

by a Republican filibuster. He wanted to impose a wide-ranging energy tax that would have raised some \$71.5bn over five years, only to see that emerge from Congress as a modest 4.3 cents a gallon increase in the tax on petrol. This will achieve little more than one-third of the original target.

But what remains is enough for Mr Clinton to claim that he is within \$4bn of the \$500bn he

Clinton: 'There are only two choices - our plan or no plan'

set himself to cut from the expected budget deficit over the next five years, and enough for the Republicans in Congress to vote en masse against the compromise package which emerged from the conference committee on Tuesday.

Senator Bob Dole, leader of the Republican minority in the Senate, described the package as "the largest tax increase in the history of the world". Little touches Americans more fundamentally than the threat of higher tax and the thrust of the Democrats' campaign is to demonstrate that the administration's direct tax proposals affect only a small proportion of the population. "At least 80

per cent of the new tax burden will fall on those making more than \$200,000 a year and very little on other Americans," said Mr Clinton. These primarily affected are individuals with a gross income of \$140,000 a year and couples jointly earning more than \$180,000. For them the top tax rate goes up from 31 to 36 per cent, with a top marginal rate of 39.6 per cent for those with taxable incomes above \$250,000. "For working families making less than \$180,000 a year there will be no income tax increase," he said.

Mr Clinton's message is directed primarily at fellow Democrats because it is within the president's own party that the battle will be lost or won. When the budget originally passed the House of Representatives, it did so with a six-vote majority, 219-213. But in the Senate the vote was tied 49-49 and only the casting vote of Vice-President Al Gore allowed it to progress. Six Democrat senators voted against and since then one more has announced his intention of voting against.

On the perhaps optimistic assumption that there will be no more defections in the Senate, it means that at least one more Yes vote has to be found before the scheduled vote tomorrow.

All eyes are on Senator Dennis DeConcini of Arizona and



Pointing the way: George Mitchell (left), Senate majority leader, and James Sasser, chairman of the Senate budget committee, gesture during a news conference on Capitol Hill

the extent to which compromises struck during the conference stage of the bill will persuade him to switch sides.

Mr DeConcini, known for his last-minute bargaining and a key target for Republicans in next year's elections, admits that sentiment in his home state is generally against the Clinton package, although he is a strong advocate of measures to reduce the deficit.

He claims that he wants to be sure that all the new tax revenue goes towards achieving that aim - something Mr

Clinton's pledge to establish a special trust fund for the purpose may answer.

The senator says he is also worried about higher petrol prices and the effect, especially on older people, of the increase in the taxable portion of social security benefits.

Ultimately, Mr DeConcini's decision and that of fellow Democrat waverers will rest on their perception of what the public, particularly the middle classes, believes the Clinton package will achieve: whether it provides what the president

promised - an economic stimulus, tax fairness and a reduction in the deficit; or whether it has been reduced primarily to a tax-raising budget which, as the Republicans claim, hits the middle classes hardest and will kill jobs, not create them. But, as the president told the nation, it is the only plan on offer and the basis for everything else he wants to achieve, such as improved healthcare, welfare reform, and the modernisation of government. If his own party votes him down, the damage would be immense.

Chile to speed Pinochet human rights trials

By David Pilling in Santiago

PRESIDENT Patricio Aylwin has attempted to close a chapter of Chilean history by speeding up the trials of officials accused of human rights abuses under the previous military government of General Augusto Pinochet.

In an eagerly awaited national address on Tuesday night, Mr Aylwin proposed the appointment of special judges who would be given the responsibility of rapidly processing the trials, which have become bogged down in the legal system.

Judges would hear evidence in secret in an attempt to learn the truth quickly and, where possible, to discover the whereabouts of missing bodies, the prime concern of most victims' families.

There are more than 2,000 recorded cases of extra-judicial killings and disappearances, most of them brought to light in a 1991 report commissioned by the government. A 1978 amnesty law precludes punishment of abuses committed between 1973 and 1978 - the bloodiest period of the Pinochet regime.

The president said his proposal, which will shortly be submitted to Congress, aimed to put into practice the so-called Aylwin doctrine, namely: "The whole truth, and justice as far as possible."

He admitted, however, that his was not a "perfect solution".

US floods 'not an economic threat'

ECONOMIC activity in the US continued to expand slowly to moderately in June and the first half of July and was not threatened by Midwest flooding, according to US Federal Reserve banks. Reuter reports.

In their Beige Book report, the banks said "flooding inflicted considerable damage in parts of the Chicago, St. Louis, Kansas City and Minneapolis districts, but the effects were said to be highly concentrated and were not seen to threaten overall economic expansion in any district".

The report, which is produced about every six weeks, was based on surveys of business executives conducted before July 27 by the 12 component banks of the US central bank.

Midwest flooding, which is being called one of the worst natural catastrophes in US history, has killed 45 people and caused an estimated \$100m in damage.

Last week the US Commerce Department said output of goods and services rose at a 1.6 per cent annual rate in the three months from April to June, measured by GDP.

New ministers to spearhead Cuban reforms

CUBA'S government replaced four ministers yesterday in a shake-up of key economic posts that signalled its determination to confront the island's economic crisis with reforms, Reuter reports from Havana.

The ruling council of state, headed by President Fidel Castro, named Mr Alfredo Jordán Morales, Mr Nelson Torres Pérez, General Silvano Colás Sánchez and Mr José Luis Rodríguez García as the new ministers for agriculture, sugar,

communications and finance respectively. It was the most important shake-up of economic posts on the Caribbean island for several years.

Foreign diplomats said the changes confirmed President Castro's intention to tackle the island's economic problems, aggravated this year by flagging food production and a disastrous sugar harvest.

Mr Rodríguez, a leading economist, was previously deputy director of the Centre for Research in the World Economy in Havana. Last week he told foreign reporters he foresaw the introduction of monetary, tax and exchange rate policies, and limited market mechanisms to overhaul the economy.

The state media have indicated the government intends to depart from its adherence to the former Soviet-style economic policies in force when Cuba was a member of

the Soviet trading bloc Comecon. Mr Torres, who is to head the strategic sugar ministry, has earned a reputation for efficiency in his previous post as Communist party chief in the south-central province of Cienfuegos. He replaced Mr Juan Herrera Machado, another veteran who had served seven years as sugar minister.

During Cuba's disastrous 1992-93 sugar harvest, output slumped to 4.2m tonnes, one of the lowest levels ever. Reasons cited for the failure, which cost Cuba \$500m in lost sugar revenue, were unseasonably bad weather as well as acute shortages of fuel, spare parts and fertilisers.

NEWS: WORLD TRADE

Components venture expects sales of Y1bn

Honda enlists Stadco in expansion drive

By Gordon Gribb in Tokyo and Andrew Baxter in London

HONDA Engineering, part of the Japanese motor group, has chosen Stadco of the UK as its partner in a venture to design and make systems for automotive components manufacture and assembly lines in Europe.

The deal is the first such alliance signed by Stadco, the automotive pressings and production equipment subsidiary of Hall Engineering (Holdings).

It is an important step in Stadco's strategy to move into the top tier of European automotive production equipment suppliers.

Honda expects annual sales of Y1bn (\$6.4m) from the alliance, which it said would extend later to regions such as south-east Asia and Africa. It

forms part of Honda efforts to expand supplies of its engineering equipment outside the group's own factories.

The link-up is a further boost for Stadco, which in March announced its first order from a German-owned car company when Volkswagen's Audi unit signed up for £21m of vehicle assembly equipment and tooling.

Germany is home to Thyssen and Kuka, two of Europe's leading suppliers of such machinery.

Mr Alan Mace, Stadco's managing director, said the deal would strengthen the company through access to Honda's research and development, and technology for "lean" manufacturing systems. It would also give Stadco extra credibility as it sought orders from

European car manufacturers. Access to Honda Engineering's manufacturing capability would allow Stadco to get its name on bidding lists for larger contracts than was now possible, at least in the short and medium term, Mr Mace said.

In the UK Stadco has supplied both Honda - last year it installed body manufacturing equipment at the Japanese company's new Swindon plant - and Rover Group, in which Honda has a 20 per cent stake.

Stadco's sales have grown from £11m in 1983 to £45m-£50m in each of the past two years.

It accounts for about a third of Hall, which is best known for its steel stockholding and construction product interests.

Scottish shipyard wins court reprieve

By James Buxton, Scottish Correspondent

FERGUSON Shipbuilders, a Scottish shipyard, has been granted an interim order in the Jerusalem high court which may help it win a £10m contract to build two tugs for state-owned Israel Electric.

The court instructed Mr Israel Kassar, minister of transport, not to award a contract for the tugs to state-owned Israel Shipyards or any other company.

The order also applies to Israel Electric and the port of Haifa, where the tugs would operate.

Ferguson, which is based at Port Glasgow on the Firth of Clyde, believes its tender for the contract to build the tugs was 23 per cent lower than the £16.7m (£11.2m) bid by Israel Shipyards.

About 14 shipyards initially submitted tenders.

Mr Kassar had told the Israeli press he intended to grant the contract to Israel Shipyards to protect domestic jobs. His intentions were said to have been criticised by officials at the ministry of finance and at Israel Electric.

Ferguson is understood to have felt it had been used as a price marker in an expensive and time-consuming charade.

Judge Michael Cheshin gave Mr Kassar 10 days to respond to the order.

The issue will be considered by three judges in the Israeli Supreme Court, probably within a few weeks.

Ferguson, a privately owned company purchased from British Shipbuilders in 1989, builds specialised small ships such as ferries, dredgers, research vessels and tugs. It has been owned since early 1991 by a consortium chaired by Sir Ross Bell, who once managed the Scott Lithgow shipyard at Port Glasgow, now closed.

It is currently constructing two ferries for the Red Funnel line which operates to the Isle of Wight. Ferguson made pre-tax profits of £1.04m on sales of £16m in 1992. It employs 230 people.

Russia's eastern ports enjoy an embarrassment of riches

But traders suffer from the congestion, writes Hugh Fraser

RUSSIA'S newly privatised Far Eastern trade ports have found themselves in an enviable position: they have far more customers than they can handle.

Three ports facing the Sea of Japan hold the key to Russia's trade with the Far East. However, each is able to handle a maximum of 11m tonnes of cargo a year, putting a ceiling on that trade.

The privatisation of Vladivostok's trade port was completed in April. The nearby ports of Nakhodka and Vostochny went private last year.

Privatisation has not, however, increased competition. "If a customer says they can get a better deal at Nakhodka, we can say, 'Take your business and go to Nakhodka,' because we know that there are five more companies willing to do business with us," says Mr Sergei Movchan, commercial director of Teko, a cargo agent linked to the port of Vladivostok.

Teko's main line of business is forwarding metals to Japan, South Korea, Vietnam and other countries. Its terms include payment in advance, usually in hard currency, even for Russian customers used to paying in roubles.

Mr Movchan estimates that about 80 per cent of imports through Vladivostok are financed by private business.



men bringing in consumer goods. He is also seeing an increasing number of new businessmen buying up export quotas for raw materials, including metals, timber, and minerals.

The role of the ministry of transport, which ruled the old Soviet transport system with an iron grip, has been diminished since privatisation, not always with entirely positive results.

Some new businessmen, not yet used to the new system, load goods onto the Trans-Siberian Express without reaching prior agreement with the port, says Mr Movchan. Last summer there were 7,000 train wagons waiting to be unloaded at Vladivostok.

The ports put the blame for the bottlenecks firmly at the door of the businessmen and the railway. "We did not pay one dollar for one rouble in fines for delays last year. All the hold-ups are on the rail road waiting to get into the port," says Mr Mikhail Robkovich, president of Vladivostok Commercial Port Corporation.

Some of the harshest complaints come from Russia's largest trade fleet, The Far Eastern Shipping Company (Fesco).

"It is a matter of principle," that the ports should not be privatised. Practically nowhere in the civilised or so-called capitalist world are ports in private hands," claims Mr George Pikus, vice president of Fesco.

"When we negotiate with the ports, it is like monopoly talking to another, but they are bigger monopolies than we are," says Mr Pikus.

But Mr Gennadiy Zheleznov, general manager of the merchant port of Vostochny, claims that competition for high quality customers is starting. Vostochny has poached exporting clients from Nakhodka, including a logging complex from Irkutsk. Among other projects, Vostochny has a \$100m credit from Deutsche Bank to build a fertiliser handling complex.

But even at Vostochny, the region's largest and most modern trade port, bottlenecks are not unknown. In January, 1,500 wagons arrived, carrying coal from Siberia. The coal had frozen and the port equipment could not unload them. Equipment was not available to move the wagons off the track, and trains queued up behind.

Solutions to these problems may lie in western technology and management skills. For the past three years, Sea-Land, the giant US transportation company, has been operating a joint venture with the Russian ministry of railways to handle containers at Vostochny and transport them along the Trans-Siberian Railway. Sea-Land claims to have cut the overland route from Japan to Europe from 45 to 21 days.

Asian air cargo set to soar

ASIA is likely to experience the fastest growth in air cargo traffic over the next 17 years, according to a forecast yesterday from Boeing, the world's biggest aircraft manufacturer, writes Daniel Green. By the year 2010 Asian markets - including links with Europe and North America - would account for half the total air freight market, Boeing said.

But profit margins for freight operators will continue to decline as larger aircraft and competition cut costs and prices. Revenue per tonne-kilometre, the standard unit of measurement in the airline industry, fell 7 per cent in 1992 and will slip by 1 per cent a year on average until 2010. In volume terms, the world air freight market will grow at an average of 6.8 per cent a year until 2010.

Cargo will grow far faster than passenger traffic, which Boeing estimates will increase 5.4 per cent a year over the period.

Resin supplier may rethink US offer

By Emiko Terazono in Tokyo

SUMITOMO Chemical, the world's largest supplier of high-grade epoxy resins, is under pressure to turn to Dow Chemical of the US for emergency supplies following an explosion at its plant in northern Japan last month.

The resulting halt in production has affected the semiconductor industry, as the plant supplied 60 per cent of the world's epoxy resins used for plastic semiconductor packages.

Sumitomo initially declined co-operation with Dow after the US company offered to start up a plant, closed in 1981, on condition Sumitomo purchased all the epoxy produced over the next five years.

Sumitomo said it had a two-month inventory and would be able to provide 50-60 per cent of its usual monthly sales from September. It added the Japanese chemical companies Nippon Kayaku and Daihoppo Ink

and Chemicals, and Chang Chuan Plastics of Taiwan, would provide emergency supplies.

However, Sumitomo may eventually have to meet Dow's conditions to keep up supplies. Mr Tommy Tang, analyst at Baring Securities in Tokyo, said that unless Sumitomo could guarantee supplies it might have to reach agreement with Dow.

The cause of the explosion at the Sumitomo plant is still being investigated.

The company said it did not know how long restoration would take, the plant's main equipment and most racks and structures were reusable, although peripheral equipment, including a solvent recovery tank and an electrical room, were badly damaged by the blast.

High costs forced Dow to close down its epoxy resins plant, which had a production capacity of 5,000 tonnes, it could cost more than \$3m (£2m) to start up.

US study defends multinationals

By Nancy Durne in Washington

THE US's failure to improve its trade position with Japan stems from "the relative paucity" of its direct investment there, according to a report released yesterday by the Emergency Committee for American Trade.

Examining leaders of about 60 large US corporations, has produced an updated defence of the contribution US multinationals make to the American economy.

It asserts that multinationals, rather than exporting jobs, produce exports which provide the best paid and most secure positions in the US.

The higher the share of US investment in manufacturing facilities abroad, the

more likely it is the US has a merchandise trade surplus with that country, the Mainstay II report says. Thus, a US worried about imbalances between it and the rest of the world might be better off pushing for an end to foreign investment barriers, rather than pursuing invisible and formal barriers to trade.

After the dollar began to weaken in 1985, US exports rose sharply, accounting for 80 per cent of economic growth between 1989 and 1991. US multinationals accounted for about two-thirds of manufactured exports.

"Industries with the highest levels of foreign investment have the highest rate of exports and export growth," the report says. The home country gets remittances from royalties, profits and fees, which in turn create new jobs.

The report rejects the argument that foreign investors produce abroad to take advantage of low wages and re-export cheap products to the US. Excluding Canadian goods, only 7.2 per cent of total sales by US manufacturing affiliates were to the US market in 1990, a percentage largely unchanged in the last two decades.

"The study says the number of multinational jobs declined only 0.5 per cent from 1982 to 1989 - a quarter of the average decline of the Fortune 500 industrial companies."

Mainstay II: A New Account of the Critical Role of US Multinational Companies in the US Economy. Emergency Committee for American Trade, 1211 Connecticut Avenue, N.W., Suite 801, Washington DC 20036. Telephone: 202 639 5147.

Ministers try to heal splits over Europe

By David Owen

SENIOR foreign office ministers have launched a concerted attempt to patch up splits in the ruling Conservative party over Europe ahead of next year's elections to the European parliament.

Mr Douglas Hurd, foreign secretary, has been holding private meetings with Tory MPs representing all shades of opinion on Europe, in a bid to highlight those areas of European policy where there is common ground.

Yesterday's meetings with Mr Bill Cash, the arch Eurosceptic MP, and Mr Hugh Dykes, the strongly pro-European MP, were portrayed by the government as fulfilling a pledge made during last month's tumultuous vote of confidence in the House of Commons.

Winding up the debate called in response to the government's humiliating defeat over Maastricht's social chapter, Mr Hurd promised to "listen carefully to the wide range of views within our party and outside".

Mr Ian Taylor, the staunchly pro-European Tory MP, who met Mr Hurd this week as a representative of the Positive



Douglas Hurd: promises to "listen" to range of views

European group, said yesterday the foreign secretary had invited the group to develop its views on "the post-Maastricht agenda".

Mr Taylor said he emphasised to Mr Hurd that Maastricht was "very much worth the effort" despite the ERM's difficulties, but argued that there was now a need to explain to people how the EC could work to their advantage.

"We have spent a long time in necessary legal debate but what we now have to do is show the EC is something individuals can benefit from," Mr Taylor said.

The foreign secretary is understood to believe there is enough consensus to prevent the party tearing itself apart either in the European election campaign or ahead of the next EC inter-governmental conference scheduled for 1996.

The European election manifesto is expected to reflect this, steering clear of controversial areas like monetary union to focus on issues where there is more agreement.

These are likely to include EC enlargement and the evolution of relations with eastern Europe, as well as the development in practice of the European single market and the concept of subsidiarity.

Mr Hurd - who will chair the European election manifesto committee - is said to believe that the recent turmoil in currency markets has consigned the issue of monetary union to "even longer grass than it was sitting in before".

Further discussions involving Mr Hurd, Mr David Heathcoat-Amory, the Europe minister, and assorted Tory MPs will take place after the summer recess.

By Michael Skapinker, Leisure Industries Correspondent

THE Isle of Man, the legal jurisdiction for many European Community timeshare contracts, is considering a law which will substantially shorten the period during which buyers can cancel their contracts.

Government officials on the island are in favour of a seven-day cooling-off period, during which timeshare buyers can ask for their money back. This compares with the 14 days specified by UK law or the period of between 14 and 28 days being suggested for EC legislation.

More timeshare contracts in

Europe are subject to Isle of Man law than to any other jurisdiction, according to Mr Norman Burden, chairman of the Timeshare Council, which represents the legitimate side of the industry in the UK and vice-president of the European Timeshare Federation.

He defended the seven-day cooling off period, saying that most timeshare buyers who cancelled did so within 72 hours.

Timeshare buyers purchase a specified number of weeks each year at a holiday resort. The industry has acquired a bad reputation because of high pressure sales tactics by some operators.

The Isle of Man completed

consultation on the proposed timeshare law last weekend. The legislation is expected to be introduced into the Manx parliament's next session, beginning in October.

A consultative document prepared by an Isle of Man Treasury working group and sent to industry representatives over the summer says: "It has been suggested that if legitimate timeshare business is to be encouraged to develop here, a shorter cancellation period than exists in the UK would do much to impart a marketing advantage to the Isle of Man."

The document says that the island's Board of Consumer Affairs would have liked to

offer the same level of consumer protection as exists in the UK.

But it adds that the Timeshare Council and the European Federation prefer a seven-day cooling-off period.

The UK law, which came into effect last October, was regarded as providing little protection to buyers as it did not apply where contracts were concluded abroad.

The Timeshare Council estimates that 75 per cent of UK buyers enter into contracts abroad.

Proposed EC legislation suggested a cooling-off period of 14 days for contracts entered into in the buyer's country of residence and 28 days for

agreements signed elsewhere in the EC.

The European Parliament has recommended 21 days in both cases. EC consumer affairs ministers are expected to discuss the issue in October. The Isle of Man will not be subject to the directive.

The Isle of Man government said that the island was likely to start with a seven-day period.

He said the proposed Manx legislation was clearer than UK law in that it specified that the cancellation period should run from the date the agreement was signed.

The UK law has been criticised for being vague on this issue.

Jaguar sales in US surge by 30%

By Kevin Done, Motor Industry Correspondent

JAGUAR, the UK luxury carmaker, increased its sales in the US - its most important market worldwide - by 28.7 per cent in the first seven months of the year to 6,828 from 5,266 a year ago.

Sales in the US in July at 1,083 were more than double the 487 cars sold in the same month a year ago, when demand was at a very depressed level, the company said.

Jaguar's improving fortunes in the US are the main factor behind its forecast to increase sales worldwide in the whole of 1993 by around 29 per cent to more than 29,000 from the 22,478 achieved last year.

The company is recovering from a low level, following a steep decline in sales in the previous four years from a peak of 49,494 achieved in 1988.

It said it had revised upwards its US sales forecast to 13,000 for 1993 from the earlier forecast of between 11,000 and 12,000. Sales last year were

6,681, the lowest since 1981.

The improvement in the US is helping to compensate for falling sales in continental Europe and in Japan.

The recovery in sales and output is allowing Jaguar, a subsidiary of Ford of the US, to cut its losses, which were reduced to \$115.1m in the first half of the year from \$165.1m in the same period a year ago.

Under UK accounting rules Jaguar suffered a pre-tax loss of £77.2m in the first half of the year compared with a loss of

£88.3m in the corresponding period a year ago, the company said.

Jaguar sales worldwide rose by 8.8 per cent in the first six months of the year to 13,024 from 11,968 in the same period a year earlier, but it expects the pace of recovery to accelerate in the second half of the year.

The company said it expected UK sales during August, the most important sales month of the year, to increase by around 20 per cent from last year's depressed level.

Britain in brief



BT signs deal with AT&T and Alcatel

British Telecommunications has signed contracts with US and French suppliers to test equipment that could lead to the next generation of advanced switches.

The contracts, with AT&T of the US and Alcatel of France, are for Asynchronous Transfer Mode (ATM) switches, which can handle far greater capacity, at greater speed, than existing switches.

Although the initial contracts are only for around £5m, the ATM trials could in a few years' time lead to contracts worth hundreds of millions. BT said the contracts were a "significant milestone" in the development of its network.

Consultation on EC aid funds

The government has issued a consultation document on which areas should be eligible for assistance under European Structural funds.

The European Community aid is designed to improve infrastructure, vocational training and other measures to help areas suffering structural problems. The consultation is aimed at selecting areas to be proposed to the European Commission to be designated as "Objective 2" - regions suffering from industrial decline - and "Objective 5b" for rural areas.

Cuts feared in embassy staff

The government has sharply reduced numbers of commercial staff at embassies in industrial countries to help UK exporters, according to figures published today by Mr Robin Cook, the opposition Labour party's trade spokesman. Mr Cook says only 131 staff worked in these jobs in 1991, 38 per cent down on the figure in 1979. He says the reductions show the government is not doing enough to help exports.

Changes in rail franchises

The government has announced changes in the shape of three of the 25 franchises for passenger services to be offered in when British Rail is privatised. The changes affect the franchises for InterCity Cross Country, central division of Regional Railways and Regional Railways long-distance services.

Services currently operated by more than one BR profit centre will be assigned to the leading operator, under the final plans. This means that the Euston-Northampton-Birmingham services, for example, will be included in the franchise for Network South-East North.

Housing starts fall sharply

Housing starts fell to a seasonally adjusted 44,300 in the second quarter of 1993 from 47,200 in the first quarter, the Department of the Environment said.

Caribbean trip

Baroness Chalker, overseas development minister, leaves London tomorrow for the Caribbean where she will visit Barbados, Dominica and Anguilla for talks with ministers and senior officials. Britain provided £42m in aid for the area in 1991-92.

Warner Bros raises UK horror films from dead

By Raymond Snoddy

HAMMER FILMS, Britain's most famous horror film company is about to rise from the dead after a stake was put through its heart when the receivers were called in.

Mr Roy Skeggs who bought the company from the receivers, has signed a four year deal with Warner Brothers, the US film studios, to remake many of its old titles. The agreement could involve productions worth more than £100m and give a significant boost to the hard-pressed British film industry.

The first film to be made under the agreement, a remake of *The Quatermass Experiment* is expected to cost around \$40m and will start filming in either London or Los Angeles in January. It will be the future feature film to be produced by Hammer since Mr Skeggs bought the company eight years ago, although it has made television programmes.

Mr Skeggs who joined Hammer for four weeks 30 years ago and stayed on to be production supervisor on *Frankenstein* films said yesterday he had spent nearly five years reorganising the company and setting up the Warner Brothers agreement.

"I now have a wonderful deal," said Mr Skeggs who says he plans to stay away from remakes of *Dracula* and *Frankenstein*. That has been done already.

Quatermass will be followed by updates of *Stolen Face* and *The Devil Rides Out* and a new film *Hideous Whispers* to be directed by Richard Donner. The Warner Brothers agreement is with Hammer and Donner/Schuler-Donner Productions and involves developing film and television shows based both on the Hammer library and new material.

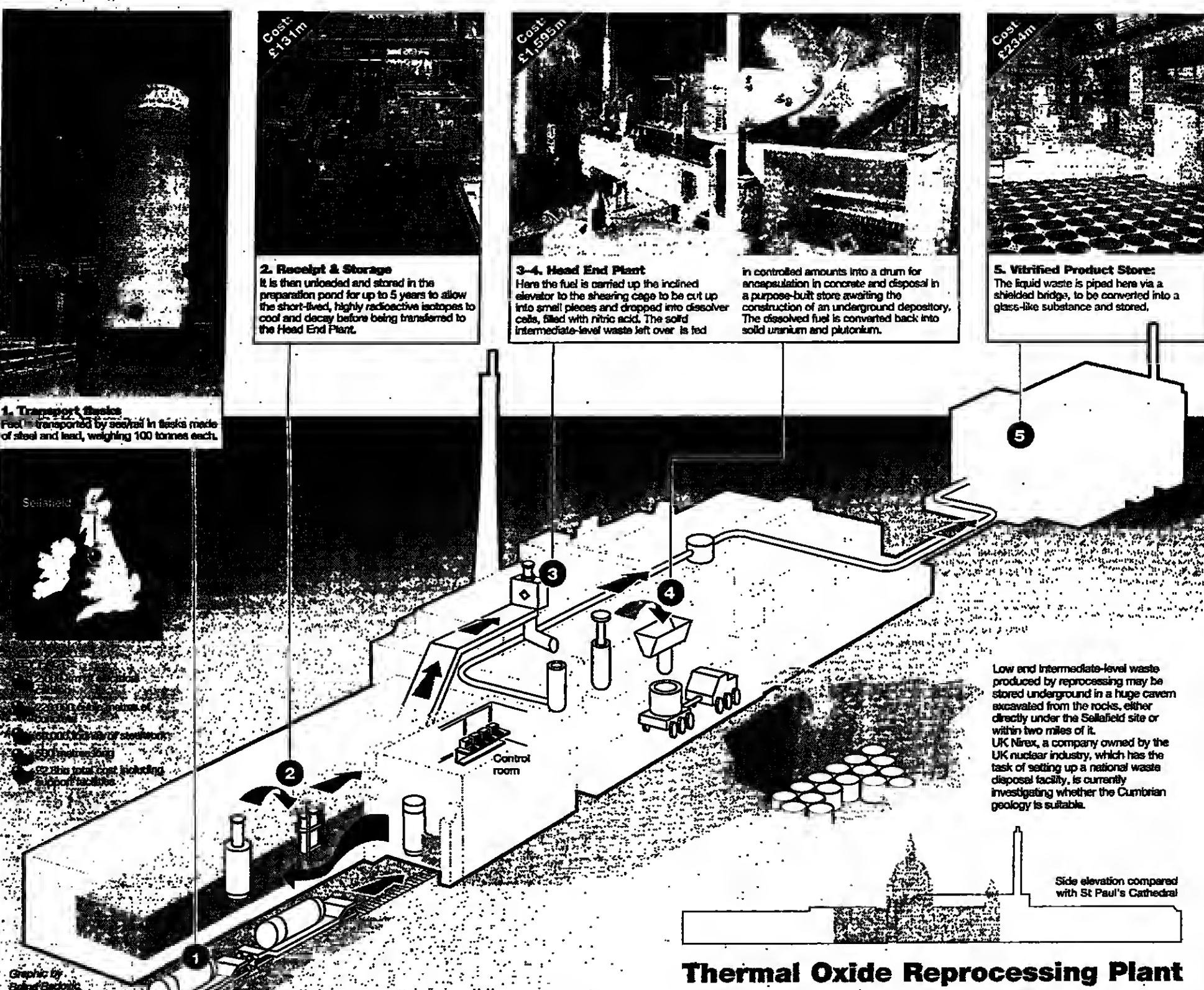
Mr Skeggs said yesterday a number of top directors including Martin Scorsese had already expressed interest in making pictures under the agreement.

In addition to the films a new series of television programmes are to be made. *The Hound of the Baskinville* is to be shot in London and 22 in Los Angeles. Oliver Reed will present 13 half hour programmes for Channel 4. *The World of Hammer*, to be transmitted to the UK.

Details emerged yesterday of two satellite television channels which will soon be broadcasting to the UK. The Family Channel which will be part of the British Sky Broadcasting subscription package which launches on September emphasised yesterday it would be producing more original family programming than any other cable or satellite channel.

In its first British commission Action Time will produce 65 episodes of the game show *Trivial Pursuit* for the channel. Pearson owner of the Financial Times holds a significant stake in BSkyB.

Landmark Communications, the US media group which owns The Weather Channel and The Travel Channel in the US has confirmed that it is to launch its Travel Channel in Europe next year.



Thorp reprocessing plant

Thorp reprocessing plant will earn UK £950m

By Bronwen Maddox, Environment Correspondent

THE THORP reprocessing plant will earn the UK £950m and will earn British Nuclear Fuels at least £1.2m, the state-owned company said yesterday.

Those are the central claims of BNF's 50-page report which sets out the economic case for the plant, published yesterday. The government's second public consultation on the future of the controversial plant, which runs until October 4, will focus on economic and diplomatic questions. It promises to be as stormy as the first consultation, which ended in January, and which addressed only environmental issues.

Environmental groups yesterday criticised the government for not commissioning an independent study of the economic case for Thorp. They argued that the plant's profitability is likely to be much lower than BNF's figures suggest.

Friends of the Earth, the pressure group, said "the documents published by the Department of the Environment (DoE) do not demonstrate that opening Thorp is in the best interests of the economy or the environment". Yesterday, however, it was unclear how much consideration the govern-

ment intends to give to the responses to the consultation.

Ministers admitted that the decision to hold a second consultation was in response to the great degree of public interest in Britain and overseas and, in the words of one official, was a matter of "good governance".

But the government statement said these wider economic and diplomatic issues were "not relevant" legally to the final decision.

Ministers have said that they are "minded" to grant the plant a licence to start operation on the basis of the first public consultation.

The pollution inspectorate, which published its conclusions from that consultation yesterday, said it was satisfied that the proposed licence "would effectively protect human health, the safety of the food chain, and the environment generally".

In yesterday's report, BNF puts the cost of the Thorp plant at £1.5m, and at £2.85m including all associated facilities. The plant part of the existing BNF site at Sellafield in Cumbria, north west England - is intended to take used or "spent" nuclear fuel and recycle it so that reusable uranium and plutonium are extracted, leaving a smaller pile of unusable radioactive waste.

Countdown to Thorp

- 1977: Go-ahead after public inquiry and two parliamentary debates
- February 1982: Construction of Thorp and adjoining plants completed at cost of £2.85m
- November 1982: Pollution Inspectorate and agriculture ministry begin public consultation on environmental implications
- January 1983: Date British Nuclear Fuels originally expected Thorp to start operation. Inspectorate extends consultation
- May 1983: Inspectorate passes report on public consultation to Environment Department (DoE). Attorney General tells department it may have to consider wider economic and diplomatic justification for plant to escape judicial review
- June 1983: Cabinet committee backs early start-up of Thorp
- June 28: DoE and agriculture ministry announce second round of consultation to consider wider issues
- August 4: Start of public consultation
- October 4: Consultation due to end

The core of BNF's economic case is that Thorp is worth around £950m to the UK in the first 10 years of its operation. This figure weighs the costs to the country if Thorp were abandoned - loss of overseas revenue and storage costs of nuclear fuel - against the savings.

The estimate is in 1993 money - a discount rate of 8 per cent, standard in government projects, has been used to take account of the fact that much of the cost and revenue will not occur for years.

According to Friends of the Earth, the projections "are extremely sensitive to changes in assumptions about costs". BNF's report identifies some factors which could diminish the value of Thorp to the UK:

- Doubling the costs of decommissioning the plant - which BNF has put at £750m, or £1.2bn including all related facilities - would reduce the value in 1993 money by some £30m.
- Accelerating decommissioning by 15 years - perhaps because of insufficient orders beyond the first 10 years - would cut off £10m.
- A 10-year delay in starting the UK's proposed long-term underground store for radioactive waste would cut a further £10m. This project, run by UK Nirex, jointly owned by the UK nuclear industry, is currently scheduled to be ready early next century but has been hit by delays.

BNF argues that there is no reason to fear that the value of Thorp would suffer from an overrun in general operating costs, even though the nuclear industry has a poor record of

overstepping its budget. In BNF's view, such overruns are "usually a feature of the construction phase". It adds that "even if there were to be unexpected operating cost increases, 60 per cent could be passed through contractually to overseas customers".

Environmental campaigners from Greenpeace and Friends of the Earth called last night for publication of the contracts without which, they said, it was impossible to judge that claim.

According to BNF, the estimate of Thorp's value is more likely to be too low. In particular, it does not take account of the "significant" unemployment in Cumbria. BNF says that Thorp would support 5,450 jobs directly and indirectly.

A related plant to produce "mixed oxide" fuel from the reprocessed fuel, which cannot go ahead without Thorp, would also support 3,000 construction jobs and 600 more long term, it said.

According to Pleda, the UK-based economic consultants employed by BNF, the cost to the UK of supporting redundant Thorp workers until they found equivalent new employment could add a further £500m to the value of Thorp to the UK.

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Theatre

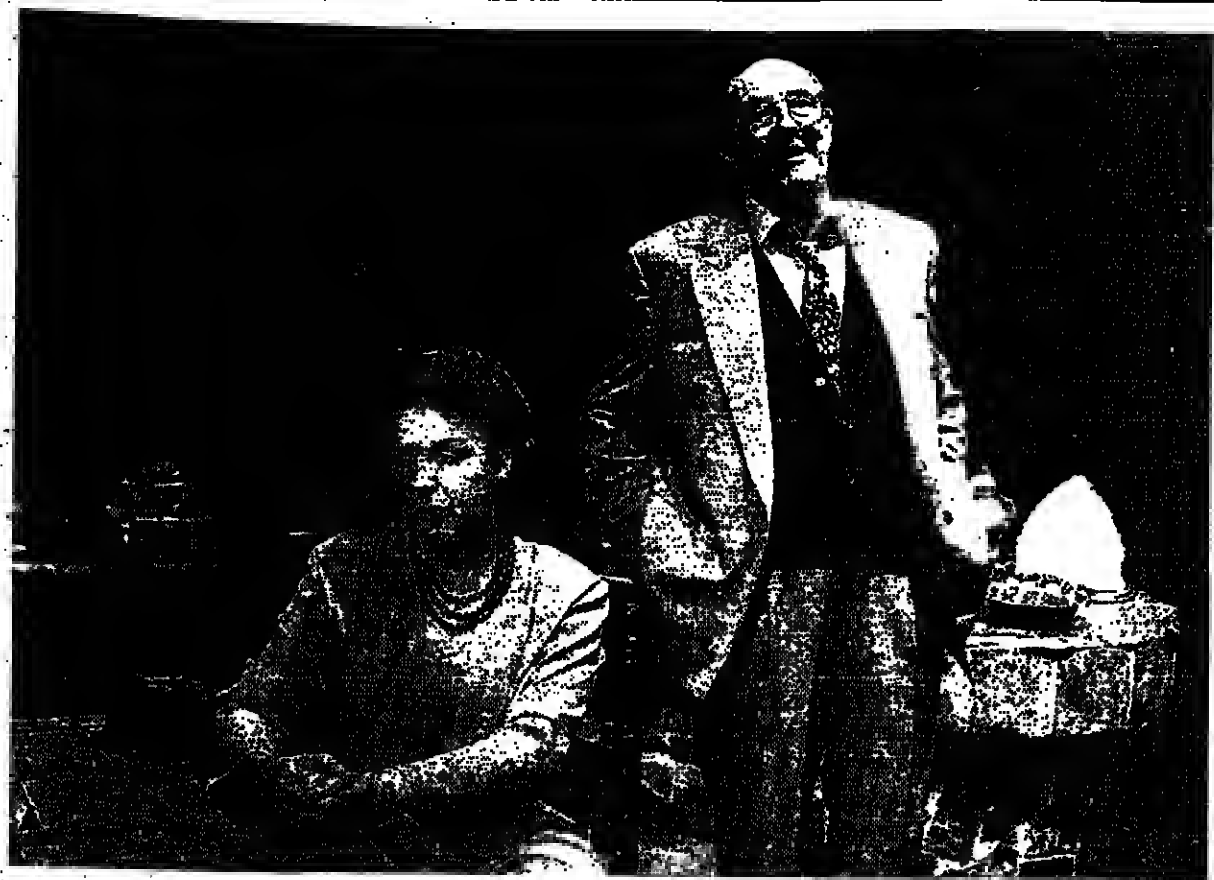
Time Of My Life

Always be wary of plays that dot about with chronology, moving backwards and forwards as the tale unfolds. There must be a suspicion that the device is used because the plot would not stand up if it were told in a straightforward way.

Alan Ayckbourn's *Time Of My Life*, slightly tightened up since it was first performed at Scarborough last year, just about pulls it off, but immediately there is another caution. This is not the Ayckbourn who was wont to set the house upon a roar with laughter. *Time Of My Life* stems more from the Alan Bennett school of *Talking Heads*. It is a play about sad, not very well educated people who do not always understand themselves, let alone each other. The overwhelming impression is that life is hard, not comic.

True, there are flashes when the old (or rather the younger) Ayckbourn is immediately identifiable. There is the wonderful part of Maureen the hairdresser, quite superbly played by Sophie Heyman. Maureen is not educated at all. She has only three books in her possession, but she can certainly be articulate. Every time Ms Heyman appears she has an even more exaggerated punk hair style. Possibly because she is the outsider, she manages to survive without undue tristesse, though it is notable that throughout the piece the woman tend to be tougher than the men.

The rest of the cast make up an unhappy family. The Strattons own a



A bit of a hotch-potch: Gwen Taylor and Anton Rodgers

northern building firm which may have out corners and is now falling on hard times. Still, Gerry Stratton - played by Anton Rodgers - is celebrating his wife's birthday in the restaurant which the family has always used and where it again assembles for the occasion. Gradually, truths come out. Gerry's wife Laura (Gwen Taylor) confesses to having had a 15 minute fling (if that is not too strong a word) with another man in 1974 - her only infidelity in 32 years of marriage.

Then there is the inquest. "We bought single beds in August 1970," Laura says. "It's engraved on my mem-

ory. I remember saying to myself 'good-bye the swinging sixties'." And perhaps, given the title, that is what the play is about. The earlier Ayckbourn was never so sombre. Even the set, confined to the northern restaurant, is designed to be drab. Gerry thinks he can drive confidently home, but is killed in a car crash; Laura survives.

Being Ayckbourn, of course, there are some depths and ironies. The characters sometimes believe they are happy when they are not and claim to be honest when they are not such thing. It is not deliberate hypocrisy, but rather a tortuous muddle. The grown up Strat-

ton children turn out to make even less of a success of their lives than their parents, possibly remembering Philip Larkin's line about the effects of Mum and Dad because of their parents.

Some sections of the play are below standard, notably the suggestion that foreign waiters in a restaurant are funny just because they are foreign. In short a bit of a hotch-potch. Ayckbourn directs himself.

Malcolm Rutherford

Vaudeville Theatre. (071) 636 9987

Ballet/Clement Crisp

Dance Workshop Europe

end of their studies as "dancers" and "choreographers". The fruit of this preposterous situation was the mushrooming of inept dance during the decade.

Now the Arts Council announces that Contemporary Dance will benefit from increased funding. Can this be an attempt to do something about the dreadful standards of certain of our groups? Does it merely show a sense of duty to a minority art? (Attendance and performance figures for some of the groups within the Arts Council favours might be intriguingly compared with those of the popular and deserving London City Ballet which the Council resolutely refused to assist, and effectively killed off). Any fostering of new contemporary dance might well consider its chance of survival, as well as its artistic credentials. We have significantly good ensembles, quite apart from LCDT or Rambert Dance; Lloyd New-

son's DV8; Phoenix Dance; Kim Brandstrup's Arc Dance (with no subsidy); Laurie Booth and Russell Maliphant, Yoland Smith, all produce fine work. Other enterprises merely debate the dance currency.

I could discern no merit in Claire Russ's *Hers and Graces*, which was Britain's contribution to Tuesday's workshop. The given theme for the productions was "Removals". Miss Russ and her two companions offered a study in family life notable for its thin dance ideas and its reliance upon costume rather than action. Like so much of the new choreography (a word I use with reluctance on occasions like this) Miss Russ proposed something nearer amateur dramatics than dance. So did France's Christine Marneffe, whose *Jamais tant resté* looked like a film *noir* in serious trouble. Minimal steps, good lighting; two couples and dislo-

cal activities were the ingredients. A bunch of carrots was lowered from the light-beam at one moment; very puzzling since we had not ordered vegetables. Incomprehensible, and tiresome.

From Belgium came Veerle Bakelants with an exercise for three girls. They wore little green coveralls, and rushed about while Glenn Gould's piano arrangement of Richard Strauss's early violin sonata was played. That the dance ideas (debated ballet steps and a lot of falls) were exhausted after a few minutes meant that one could concentrate on Gould's pianism. Germany's Urs Dietrich emerged with some credit from the evening. His duet with Thomas Stich was a summer incident, set to bird-song, in which the two men indulged in games - ah, the joys of mime! - and I expect, were supposed to be courting. Ho hum. But both chaps are fine dancers.

This Dance Workshop has support from the European Community. How much better were it if the Commission made possible an exchange of major troupes around Europe. It might, perhaps, encourage audiences (and choreographers) to understand dance as an enriching experience rather than as therapy for the inadequate and the inept.

Concert/Richard Fairman

Kreizberg Prom

A young musician would be hard put to find a more receptive audience than at the Proms (the BBC Proms, as the programmes proudly remind us this year). At Tuesday's concert he can be counted class of 1986 or '87, the years in which they respectively won major music competitions.

The Russian conductor Yakov Kreizberg won the Leopold Stokowski Conducting Competition in 1986. In Britain he is best known for his Glyndebourne debut with Janáček's *Jenufa*, widely counted a notable success. "Sensational" was one description trailed in the Proms prospectus, but quite misleadingly so, as it turned out. Whatever other strong characteristics he displayed, a taste for sensation was not among them.

It is tempting to plot a course showing how Tchaikovsky interpretation has changed in Russia since the war. The start would be Mravinsky, impassioned, volatile, always on the brink of hysteria; then Svetlanov, the master showman, making the symphonies highly-charged melodramas. But it seems the younger generation do not see Tchaikovsky in that way, as Valery Gergiev's cultured performances have already suggested.

Kreizberg conducted the Sixth Symphony at his Prom - once the ultimate invitation to indulge the emotions, but not here. The performance was crisp,

rhythmical, underplayed. Where conductors used to throw caution to the winds, even if balance and ensemble flew out of control too, Kreizberg kept a firm grip on every detail. So clear and decisive were his intentions that it was surprising the BBC Symphony Orchestra's playing was not sharper still. Where his view of the symphony impressed, it did so by clarity of thought and understatement.

A clean, purposeful, classical style also provided the orchestral foundation for Chopin's Second Piano Concerto with Vladimir Orlovsky (the 1987 prizewinner at Leeds). No dawdling was

allowed, or any indulgent self-communing, but that probably suited Orlovsky, whose likes to hit every note with crystal clarity, just touching in the poetry of the music.

As though to make youth feature in each item on the programme, the evening had begun with Rakhmaninov's early *Spring* cantata. In later life the composer was to look back with disdain on his orchestration in this score, but it was difficult to see why in Kreizberg's expressive, never indulgent performance. The BBC Symphony Chorus enunciated the Russian text with diligent clarity and David Wilson-Johnson sang well as the bass soloist, who is saved from murdering his audacious wife by the arrival of Spring. Knowing that Shalypin was the original singer does, however, put a very different gloss on the work.

Chamber Music Festival (Aug 6-14), has drawn together friends and colleagues for an attractive anniversary tribute to Grieg, his contemporaries and compatriots. Artists appearing at the festival include Swedish baritone Hakan Hagegard, Jan Garbarek Jazz Quartet, Nordic Youth Orchestra, Norwegian cellist Truls Mork and pianist Tedd Joelson. Three festival concerts take place in Bergen, for which a special train has been chartered to take the audience through the scenery which was Grieg's inspiration (2255 2553).

PESARO

The Rossini opera festival opens next Mon with the first of four performances of *Armida*, staged by Luca Ronconi and conducted by Daniele Gatti, with a cast led by Anna Caterina Antonacci, Ramon Vargas and Jeffrey Francis. This year's other production is a revival of the Pizzi staging of *Maometto II* starring Cecilia Gasdia. Raina Kabaivanska sings arias by Gluck, Rossini and Cherubini on Aug 18, and Maurizio Pollini gives a piano recital on Aug 21. Ends Aug 22 (0721-33184).

TANGLEWOOD

For more than 50 years, the Boston Symphony Orchestra's summer home has provided a relaxed setting for concerts in the heart of the Massachusetts countryside. Thomas Hampson's recital tonight is called an Evening of American Song. In tomorrow's orchestral concert, Seiji Ozawa conducts Beethoven's Fourth Piano Concerto (Maria Tipu) and

Cinema/Nigel Andrews

Hell is other movies

The RSPCA - Royal Society for the Protection of Cartoon Animals - should be out in force this week. *Tom and Jerry The Movie* and *Teenage Mutant Ninja Turtles 3* subject a cat, a mouse and four half-shell humanoids to indignities more frightful than the worst we ever visited on our own pets.

Even small children would draw the line at stretching their favourite doggy or moggy on a Procrustean rack. But the cinema thinks nothing of taking beasts who originated in short, sprightly cartoons (*Tom and Jerry*) or comic strips (*Turtles*) and extending them slowly by creaking sinew into feature length and/or triple sequels.

The Andrews Theory on this goes as follows. Hollywood cannot understand the concept of small. If something is small and successful, the laws of nature are being broken and that item must be made large and successful. If a Hollywood mogul found a Fabergé egg on his desk he would, with righteous artistic indignation, set about turning it into a geodesic dome.

Tom and Jerry The Movie is 90 mirthless minutes in which the feline and rodent who once gladdened our hearts by chasing each other round the booby-trapped ideal town of America - showing the id alive even within the suburban Super-Ego - cosy up together to rescue an orphan girl (*sic*) and tearfully to reunite her with her missing father (*etiam sic*). It is as if *Tom and Jerry* had wandered into a lost Lillian Gish movie. Not even the film's two best turns - a suave, George Sanders-accented villain and a skatoboarding dog - can stop all hands going down with the ice-floe.

Turtles 3 is something stranger, eerier, is conceptual stupidity becoming an elemental force in modern cinema? The four shell-backed heroes who delight in pizzas and New York slang (actually more like L.A. Valley-speak migrated to Manhattan) are here teleported to 17th century Japan. Here there is no pizza supplier; no encouraging environment for cries of "Excellence" or "Cowabunga!" (though of course everyone speaks English); and no sign of a plot worth the name in writer-director Stuart Gillard's script about time-hopping Samurai.

I came closer to something resembling an after-death experience with this film than with any other I remember seeing. A tunnel of blackness seemed to open up, followed by unearthly choir singing of a luminous dimension in which the movie would end and one would find celestial quarantine from lines like "I'll melt you into a steaming puddle of puke" or from watching four amphibians dance, fight, crack jokes and fall over each other. Like last week's *Last Action Hero*, *TMNT3* is dementedly self-referential and cine-referential. Note the turtle who rescues a child from a burning building and cracks "Eat your heart out, Kurt Russell" (see *Backdraft*, Act 2, Scene 3). But unlike the amiable Arnie adventure, it is less postmodern than postbustling-Pavlovian. If nothing else, it will trick the filmgoer's mouth into a grin, goes the makers' thinking, perhaps we can try the tired invocation of rival filmic favourites. But in a context

this arch and involuted already, Hell, as Jean-Paul Sartre once almost observed, is other movies.

The Snapper, directed by Stephen Frears from Roddy Doyle's script of his own novel, has nothing to do with turtles: except by psycho-behavioural analogy. When, if you are a single Dublin 20-year-old (Tina Kellegher) made pregnant by an older married man, should you stick your head out from under your shell and tell your family?

If you do, Mum will make silent gaping motions like a distraught guppy. Younger sister, wearing shaving-cream beard and toy soldier costume, will carry on her Ruritanian bandleader practice. And Dad will go comprehensively spare: spluttering patriarchally one moment, rushing to the library the next to swot up sex-and-birth manuals.

TOM AND JERRY THE MOVIE (U)
Phil RomanTEENAGE MUTANT NINJA TURTLES 3 (PG)
Stuart GillardTHE SNAPPER (15)
Stephen FrearsNUIT ET JOUR (15)
Chantal AkermanPUERTO ESCONDIDO (15)
Gabriele Salvatores

Tina Kellegher and baby in 'The Snapper'

Already shown on television by the BBC (who produced it), *The Snapper* now gets a late cinematic Caesarean and hursts into the larger light of the movie screen. It is not quite happy there. The TV-movie's natural foetal postures - cramped framing, sitcom comic set-ups, close-knit gossip sessions between Sharon and her chums at the pub - get scared by all the new space around them. And author Doyle, who had a proper movie birth in the all-singing-and-dancing *The Commitments*, must here hew more prosaically to his original story's straight and narrow.

But you cannot fault Colm Meaney's performance as Dad, which alone eats up all space available to it. This paterfamilias has no idea how to react to an unravelling domestic world, so he tries every different reaction in turn: anger, sorrow, bewilderment; scientific research; denial. ("The uterus is pressing into my bladder" says the girl. "Stop it, Sharon, I don't want to hear things like

that.") Finally, he just tries being himself and the Meaney face - a comic chunk of wood with features nervously chipped into it - warms into a glow of fatherly compassion as touching as it is well-observed and un sentimental.

Nuit Et Jour is a readymix French art movie for those who are too young ever to have seen the real thing. (The country virtually stopped making them years ago.) Cabbie Jack (Thomas Langmann) loves pretty gamine Julie (Guillaume Londez) and they live in a Paris flat big on colour co-ordination and small on social life. ("Perhaps we ought to meet someone," he suggests. "Next year," she replies). Their *amour* and *bonheur* are, however, enough for them. As the voice-over crooningly if rumically explains, "They used to make love almost in their sleep and that 'almost' was very important."

The voice-over is female and the film was written and directed by the once-reckless Chantal Akerman (*Jeanne Dielman, Toute Une Nuit*). But the poor woman has obviously been knocked on the head by a pile of woman's magazines falling from her overcrowded bookshelf. This winsome nonsense might have been penned by Sylvie Krin with a little help - for what is a French film without pretension? - from Marguerite Duras, I especially winced at the scene where an interior wall is knocked down on the grounds that "everything will then be clearer."

Ah, possibly. But then again perhaps not. These characters would not recognise clarity if it jumped up and hit them. Outside the window is a painted backdrop of Paris, so Piranesian. Inside, the blue pillars are set off against red floral wallpaper to match the lovers' own two-tone clothing (he blue, she red). And when Julie succumbs to a fling with another man, Jack's fellow cabbie Joseph, we start wondering about a Paris that resembles a vast Toytown film noir.

For this is the world of designer existentialism. Here moods, emotions and sexual identities are defined by play block colours and pinbright symbolism; that sort of sophisticated *natéité*, winking even as it dispenses wisdom, that came in and should have gone straight out again with *Les Parapluies de Cherbourg*.

In a difficult week you might try Italy's *Puerto Escondido*, written and directed by Gabriele Salvatores. As in Signor S's *Mediterraneo*, a small group of characters seek a world of time but find time and the world catching up with them. Banker Mario (Diego Abantuono) flees Milan for Sicily, to escape a homicidal police commissioner who took a mysterious po-shot at him in the bank's loo.

But malefactors turn friendly. (As *Mediterraneo* pointed out, our only true enemy is ourselves). Soon the smiling cop comes West to join Mario's other new friend, a crook who robbed him and then befriended him. And added to the gently self-destructive mix are a girl (Valeria Golino), a bedridden fighting cock called Tyson and a storyline so picaresque it makes *Don Quixote* seem like a O Henry story. Very slow but very (if you have the time) engaging.

ARTS GUIDE

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Wednesday: Festivals Guide.
Thursday: Festivals Guide.
Friday: Exhibitions Guide.

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Friday Super Channel: European Business Today 0730; 2230

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Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900

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Sky News: Financial Times Reports 1330; 2030

INTERNATIONAL ARTS GUIDE

BATIGNANO

The second of this summer's productions at Adam Pollock's intimate, outdoor opera festival, *Musica Nel Chiostro*, is Bernstein's *Candide*; six performances between Aug 7 and 15 (0564-38096).

DROTTHINGHOLM

This month's performances include *Una cosa rara* by Mozart's Spanish contemporary Vicente Martin Y Soler conducted by Nicholas McGegan (tomorrow and Sun) and *Figaro*, a ballet-pantomime after Beaumarchais, choreographed by Ivo Cramér with anonymous 18th century music arranged and conducted by John Lanchbery (Aug 27-Sep 4). Ruggiero Raimondi gives a recital on Aug 13 (08-660 8225).

BREGENZ

The opera festival on the Austrian corner of Lake Constance continues to solidify its connection with front-rank British producers. Jonathan Miller's new staging of

Fedora, with Mara Zampieri in the title role, has a final performance in the Festspielhaus tonight. David Pountney's spectacular outdoor production of *Nabucco*, designed by Stefanos Lazaridis, continues with four or five performances each week till Aug 22. Donald Runnicles conducts the Vienna Symphony Orchestra in works by Beethoven and Shostakovich on Mon, and the closing concert on Aug 23 features the Moscow Radio Symphony Orchestra conducted by Vladimir Fedosyev (05574-4920 224).

SALZBURG

Gerard Mortier's second festival may be less of an explosion than last year, but the programme is still bursting with good ideas. Deborah Warner stages Shakespeare's *Coriolanus* alongside a revival of Peter Stein's 1982 production of *Julius Caesar*. This year's new opera productions are *Coel fan tutte* with Cecilia Bartoli and Jennifer Lamore, Lucin Silla (*Cambreling/Mussbach*, with Ann Murray and Luba Orgonassova) and Monteverdi's *Poppea* (Harcourt/Filmm, with Sylvia McNair and Philip Langridge). Revivals include *Salome* (Dohnanyi/Bondy, with Catherine Malifano and Bryn Terfel) and *Falstaff* (Scotti/Ronconi, with José van Dam). There are concert performances of *Dallapiccola's* *Ulisse* and *Nono's* *Prometeo*. Despite the increase of contemporary music at the festival, Salzburg's luxury element continues with a parade of top-class orchestras, conductors and soloists, including the Berlin Philharmonic with Abbado, the Oslo Philharmonic with Jansons and Vienna

Philharmonic under Ozawa and Levine. A notable occasion will be the farewell concert on Mon of Christa Ludwig, one of the best-loved of Salzburg veterans. Ends Aug 31 (0662-844501).

EDINBURGH

This year's festival (Aug 15-Sep 4) includes performances of Janáček's first opera *Sarka* and three Verdi operas (*Oberto*, *I Due Foscari*, *Falstaff*), an exhaustive survey of the work of young Scottish composer James MacMillan, and several Schubert recitals. Visiting orchestras include the Leipzig Gewandhaus with Masur, the Oslo Philharmonic with Jansons and the South West German Radio Symphony with soloist Alfred Brendel. The drama programme includes Peter Stein's 1992 Salzburg Festival production of Shakespeare's *Julius Caesar*, a modern Aeschylus production by Peter Sellers, and the Bob Wilson/Gertrude Stein theatre piece *Dr Faustus Lights the Lights*. To mark Morris' troupe and Bill T. Jones (telephone bookings for official festival 031-225 5756. Military Tattoo: 031-225 1188. Fringe: 031-226 8275).

LUCERNE

This year's programme, opening on Aug 14, focuses on anniversary celebrations of Tchaikovsky and Rachmaninov, with Alfred Schnittke as the festival's first-ever composer in residence. Visitors from Russia include the Bolshoi Opera Orchestra and Chorus, the St Petersburg Capella Choir and Orchestra and

the Russian National Orchestra with Mikhail Pletnev. There will be a Rachmaninov piano marathon with Barry Douglas and others, the world premiere of a new work by Edison Denisov and a Schnittke ballet programme. Visiting orchestras include the Berlin, Vienna and Oslo Philharmonics, with artists ranging from Yuri Bashmet to Abbado, Berenboim, Järvi and Sawallisch. There is also a daytime amateur music festival from Aug 16 to 21, including workshops supervised by professional musicians. For those wanting a break from the music, there are trips on the lake, up the Pilatus and Rigi mountains and to the Transport Museum and Lion Monument. Ends Sep 8 (041-235272).

MONTREUX

This year's festival (Aug 20-Sep 24) is the first to take advantage of Montreux's new lakeside concert hall, the Auditorium Stravinsky. Montreux has never been known for its thematic content, but this year features a series devoted to French chamber music, including rare works by Reynaldo Hahn, Vincent d'Indy and Charles-Valentin Alkan. The line-up of artists includes Alicia da Larrocha, Teresa Berganza, Barbara Hendricks, Pinchas Zukerman and the Royal Concertgebouw, Bavarian Radio Symphony and St Petersburg Philharmonic Orchestras (021-963 5450).

OSLO

Norwegian violinist Arve Tellefsen, founder-director of the Oslo

Mr Lofk Le Floch-Prigent, chairman of Elf Aquitaine, yesterday cleared his desk at the top of Elf tower in western Paris. Removed from his post by the government, he will leave the state-controlled group, which is also France's largest industrial concern, to take over as head of Gaz de France, the state utility.

On the other side of the River Seine, Mr Philippe Jaffré, chairman of Crédit Agricole, the country's largest bank, was similarly occupied. Chosen by the government as the next head of Elf, he will exchange overdrafts for oil exploration and loan policies for petrochemical projects.

The musical chairs at the top levels of corporate France demonstrate the extent to which the lines between the country's business and politics remain blurred. "There is no clear separation of powers as in the US and the UK," said a French banker. "The hand of the government is still in evidence."

For foreign investors, unused to the French practice of parachuting new chairmen into public companies, this may provoke concerns - especially as the government prepares to launch its programme to privatise 21 state-owned companies. In particular, investors are faced with the questions of whether Mr Le Floch-Prigent's departure heralds broader changes at the top of state-controlled industry, and what effects such reshuffles have on the companies involved.

In the case of Elf itself, named last month as one of the first four companies to be privatised, there might appear to be cause for concern. Mr Jaffré has a formidable financial background, having spent eight years at the treasury and having run Crédit Agricole since 1988. But he has no experience of running an industrial company. Moreover, he takes the helm at a time when the oil group is confronting difficult markets.

Mr Le Floch-Prigent, credited with strengthening Elf in international markets, has warned that depressed demand in the petrochemicals and basic chemicals sectors will mean that operating profits for the first half of 1993 will show a fall of about 25 per cent compared with the same period last year. "I don't see much improvement in these areas this year," Mr Le Floch-Prigent, said at the end of last month.

But investors and oil industry observers appear relaxed

Soft shoe shuffle

John Ridding on the politics of moves at the top of French industry

about the change. "Mr Le Floch-Prigent did a good job, but Mr Jaffré appears to be a very able manager," said one international fund manager whose company holds shares in the oil group.

French industry officials argue that Mr Jaffré will inherit a strong team of senior executives and that his experience of privatisation - while working in the treasury during the earlier privatisation programme of 1984-1988 - will be a big advantage in the forthcoming sale of the state's 50.7 per cent stake in Elf.

If the selection of Mr Jaffré has met largely with approval, however, international investors are wary that the move signals the government's intention to retain a grip on the running of the oil group, particularly since it has said it intends to keep a "golden share" in the company. Investors also hope that Mr Floch-Prigent's departure will not be the start of broader changes at the top of French public companies.

A certain amount of reshuffling comes with the territory in France," said one fund manager. "But if it is widespread then of course it is unsettling for investors and may mean that political motives are at work."

There is little doubt that political motives were a factor in the changes at Elf. A socialist himself, Mr Le Floch-Prigent was appointed to head the group in 1989 by the socialist President François Mitterrand. The fact that in 1981 and 1982 he advised Mr Pierre Dreyfus, then industry minister in the socialist government, on the nationalisation programme, has damaged his credentials in the eyes of the current centre-right government of Mr Edouard Balladur.

But the message from Mr Le

Floch-Prigent's exit is more that the Balladur government is following a pragmatic rather than a political approach to its relations with state-owned groups. "It might have appeared unusual for someone with Mr Le Floch-Prigent's background to spearhead the government's privatisation campaign," said Mr David Harrington, head of research at James Capel in Paris.

Pragmatic as opposed to political motives are also suggested by the fact that Mr Jaffré is regarded as politically neutral. During his spell at the treasury he worked under both socialist and conservative governments.

The Balladur government has also limited its intervention in state-owned industries. It has refrained from implementing a "witch-hunt" of top public sector executives as happened, for example, when the socialists took office in 1981 and when the conservative government of Mr Jacques Chirac came to power in 1986. Under the current government, the only other change at the top of a state-owned company was the appointment in May of Mr Michel Peberneau as chairman of Banque Nationale de Paris in place of Mr René Thomas.

"The hand of the state is still at work," said one oil industry observer in Paris. "But under Balladur it seems to be wearing a velvet glove."

The test of the "velvet glove" is likely to come as the government moves down the list of companies to be privatised and the temptation arises to put their own people in place before the controls of the state are loosened.

Most of the current chairmen seem relatively secure, although merchant bankers in Paris say that question marks remain over Mr Jean-Yves Haberer, chairman of the Crédit Lyonnais banking group, and possibly Mr Alain Gomez, head of Thomson, the electronics company.

Both chairmen have links with the Socialist party. Mr Gomez was appointed by a socialist government 11 years ago, while Mr Haberer had close ties with Mr Pierre Bérégovoy, the late Socialist prime minister. Both companies have also been suffering losses, although they say they expect recovery this year.

But with neither Thomson nor Crédit Lyonnais facing imminent privatisation, and with Mr Balladur's cautious approach, their chairmen seem safe behind their desks for the time being at least.

Criticised by many, loved by few, Her Majesty's Treasury is one of the favourite targets of UK public life.

Industry alleges that it is biased towards the City and blames it for the decline of British manufacturing. Business leaders accuse the Treasury of refusing to allow the much-needed investment in infrastructure that would improve international competitiveness. Economists charge it with responsibility for UK economic decline - including mismanagement of sterling.

Within Whitehall, the Treasury is the all-purpose scapegoat for ministers and mandarins alike. It is the bank that loves to say "no", the department that counts the pennies and ignores value for money. Rare is the minister who cannot find some role for the Treasury in explaining away departmental policy failures.

In an unusual riposte, Sir Terry Burns, permanent secretary at the Treasury since 1991, has attempted to answer his department's critics. Today, he releases a spirited defence of the Treasury in which he strongly rebuts many of the criticisms and explains how those that he believes are well-founded have been addressed.

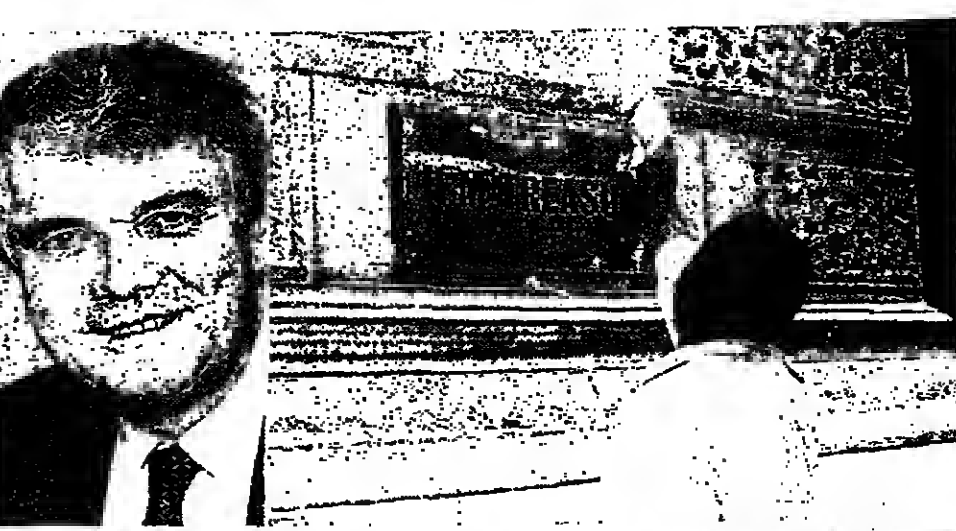
Sir Terry acknowledges that much of the criticism of the Treasury's role relates to its powerful position at the heart of Whitehall. Its tasks include functions that in most other countries are divided between an economics ministry, a finance ministry and a separate budget office to control public expenditure. It also manages civil service pay, supervises the financial services industry and is responsible for economic forecasting.

Managing the economy is the Treasury's highest-profile role, although it absorbs less than one-fifth of the department's 1,400 civil servants. That role has often come under fire, most recently after the events surrounding sterling's ignominious departure from the European exchange rate mechanism in September 1992. There has been an intense debate over the Treasury's responsibility for monetary policy, with increasing support for handing it over to an independent central bank.

Sir Terry can see the attractions of such a move, especially since the European Community intends to place monetary policy in the hands of an independent European central bank as a step on the road to monetary union.

The UK Treasury has gone on the offence against critics in defence of its role, says John Willman

The scapegoat butts back



Sprucing up its image: Sir Terry Burns (left) has released a spirited defence of the Treasury

He denies that there is a strong Treasury orthodoxy against an independent central bank (or on any other issues). But he is at pains to set out the complications involved in a change that he believes has assumed totemic significance among commentators.

"The demand for greater independence of the central bank has come to be the most popular single answer to the problem of inflation that was once reserved for the ERM."

But there are advantages, he says, in elected politicians - rather than unaccountable central bankers - making decisions about, for example, the trade-offs between inflation and growth. "Not the government" is not a guarantee of wisdom," he observes.

Much of the popular wisdom about the Treasury's alleged incompetence stems from the record of its forecasters. Although their predictions have been no worse than others over the longer term, their forecasting errors attract widespread attention.

Sir Terry says that he is "amazed" at the importance given to the forecasts outside the Treasury's Great George Street headquarters. His predictions are an important input into policymaking, but not the

only one - and ministers are well aware of their frailty. "Meanwhile, the other 1,400 people in the central Treasury suffer the frustration of seeing their efforts judged by the forecasts of 30 or so economists," he adds.

A more recent subject for attack has been the Treasury's alleged bias against manufacturing industry. Mr Howard Davies, director-general of the Confederation of British Industries,

"We can do more to explain the background to decisions" - Sir Terry Burns

is one who has criticised the Treasury for its attitudes to business in the past.

Sir Terry accepts that there have been too few direct contacts between Treasury staff and industry in the past. This may have meant that officials have not always asked questions about the implications of economic policy for business. It also meant that industry was often ill-informed about Treasury thinking. "We can do more to explain the background to decisions," he says.

Treasury officials are now encouraged to spend time in industry, and a panel of industrialists has been created to offer advice. A "supply-side" unit has also been set up to give greater salience to business concerns in Treasury deliberations.

These steps are welcomed by Mr Davies. "The Treasury has always had an interest in thinking about what a decision means for the financial markets. Now they are trying to think about what it means for manufacturing industry."

Within Whitehall, the Treasury exerts powerful control over public expenditure. No department can spend money without its agreement which, as Sir Terry drily observes, "means it has a keen interest in much of the business of every department."

In departments and agencies, that interest is often seen as a central grip which stifles innovation and encourages counting of candle ends. Even though the government is committed to delegation of financial management to the lowest possible level in the public services, the Treasury is often seen as reluctant to let go.

Chief executives of government agencies complain that, while they are given perfor-

mance targets to meet large budgets and responsibility over them, they are constantly second-guessed by Treasury officials questioning decisions.

Treasury accounting rules are also needlessly inflexible, according to the chief executive of one agency. "I have very little discretion about moving money from one purpose to another, or rolling over unspent money from one year to another," he says.

Many Treasury officials feel uncomfortable about delegating responsibility for spending money to departments and agencies. From experience, they believe that departments are often less rigorous in controlling expenditure.

At the top of the Treasury, there is a strong collective memory of 1974, when loss of control over public expenditure led to a sterling crisis and the intervention of the International Monetary Fund. As young high-flyers, many had to tighten their hold on public spending at the behest of the IMF, and are determined not to repeat the experience.

Sir Terry Burns is not scared by that memory - he joined the Treasury as an academic only in 1989. He says there has been a move to a more strategic approach to public expenditure, in which the Treasury helps to determine priorities, sets targets and monitors progress. Increasingly, departments are left to ensure that targets are met.

"This all involves the Treasury much less in the details of programmes and rather more in the higher question of priorities," he says.

Is that strategic role for the Treasury, as a sort of head office of Whitehall, that Sir Terry is anxious to defend. Rather than dividing the Treasury into separate ministries for economics and finance, for example, he wants it to continue to pull together "all the strands of economic policy-making across the government's programme."

Sir Terry doesn't expect much thanks for this - as King James said of treasurers: "If they do good service to their masters, [they] must be generally hated." But he is prepared to accept that the Treasury must adapt to changing circumstances and develop a clearer focus on its objectives.

** Some Reflections on the Treasury, to be published by Edward Elgar in the autumn in a collection of essays to mark the 60th birthday of Sir James Ball, professor of economics at the London Business School*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
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Waste elimination is 'green' priority

From Mr Charlie Kronick.

Sir, If costs are to be at least partially the basis of future environment and energy policies in the UK ("High cost of going green", August 2), then it is unlikely that nuclear power will be a part of any policy designed to reduce carbon dioxide emissions (CO₂) from electricity generation.

The recently published results of Nuclear Electric paint a rather grim picture of that company's economic future. Take away the subsidy of more than £1.2bn received

each year from the electricity consumer, and Nuclear Electric made an operating loss of £783m in the financial year 1991-1992, and £661m in 1992-1993, while at the same time stacking up new liabilities for waste and decommissioning of almost £1.2bn (to be added to the existing liabilities of almost £200bn). Meanwhile, it is not just the environmentalists who are pointing out the potential of energy efficiency and renewable energy. In 1989, the Department of Energy identified cost effective energy

savings potential of 30 per cent, with a pay-back period of less than five years. Analysis of data from the government's Energy Efficiency Office, submitted to the government's recent review of the coal industry, shows that investment in nuclear power is only one quarter as effective in reducing CO₂ as the poorest of the energy efficiency measures examined. Money spent on nuclear power is only just over half as effective as modern renewable technologies such as wind power in reducing CO₂.

emissions. Fully one third of the CO₂ reductions are available at negative costs.

If the UK is serious about reducing CO₂ emissions, the first item on its "green" agenda must be to put an end to waste, not just the waste of energy, but the waste of money on dangerously polluting and massively expensive technologies such as nuclear power. Charlie Kronick, climate change campaigner, Greenpeace UK, Canterbury Villas, London N1 2PN

Short contracts and 'hire and fire' mentality behind job anxiety

From Mr Patrick Dennis.

Sir, Rachel Johnson's article, "Theories behind feel-good factor" (August 2), omitted several important reasons why people are still increasingly anxious about losing their jobs - in particular compared with the previous economic cycle.

The rising trend towards short-term contracts, part-time (especially female) employment and the development of a

"hire and fire" mentality among employers have been crucial. Also relevant would be the more even distribution of unemployment, both geographically and occupationally. Moreover, employment is still falling despite the recent falls in unemployment. This is a consequence not only of the reduced numbers of those of school-leaving age, but also of school leavers and women

being discouraged from entering the labour market. When many women lose their jobs, they do not qualify for unemployment benefits so are not registered as unemployed. Is it not time the UK started to put increasing emphasis on employment figures, as they do in the US, rather than exclusively on unemployment figures? Finally, it is worth noting that the greater fear of

unemployment is an important reason why average annual earnings growth has fallen to just 3.75 per cent, compared with 7 per cent in the previous economic cycle.

Patrick Dennis, chief economist, Industrial Bank of Japan, London Branch, Bracken House, One Friday Street, London EC4M 9JA

Risk and the cost of capital

From Mr Jeremy Lever.

Sir, Lex (August 2) suggests that if electricity companies operate with "too much" equity, they incur an "unnecessarily high cost of capital". But surely a company's weighted average cost of capital depends on the riskiness of its operations and is independent of the company's gearing and hence of the proportion of that risk borne by shareholders and bondholders respectively.

Thus, the higher the gearing, the smaller the equity base that is called on to bear the primary risk, therefore the riskier the equity and, in principle, the higher the equity's beta. This should offset the effect of the high gearing in reducing the proportion of the company's total capital that incurs the debt-equity premium. Otherwise companies could reduce their cost of capital simply by increasing their gearing - as indeed Lex seems to believe.

Has Homer nodded? Jeremy Lever, 4 Raymond Buildings, London WC1R 5BP

M&S's plans for Brooks Brothers

From Mr Richard Greenbury.

Sir, Nikki Tait's report on Brooks Brothers was inaccurate and misleading (Management, July 8).

First of all, it is quite clear from the report that Miss Tait has no understanding of the factory outlet business. When it was originally introduced by other retailers it was, as described in the article, for the clearance of surplus stocks, etc. It has moved on since then quite dramatically, with thousands of stores having been developed by all the great names in American retailing. Together with "Outlet Malls", it has developed into a fast-growing sector in the highly competitive American retail scene.

Almost all factory outlets are distinguished by low occupancy costs and more flexible staffing arrangements, which enable a retailer to sell the same full-price product that he is selling in the mainline store at a significantly lower price, while still making a profit. I think you will find that even companies like Ralph Lauren now trade very successfully in

such stores. That is why Brooks Brothers has become involved in the sales performance, together with the profitability that is developing, is clear for all to see and should have been equally so to your reporter.

We certainly did change the archaic remuneration scheme which provided our sales staff with an average annual salary of \$49,000, which of course means that many were earning as much as \$70,000-\$80,000 per annum. This level of remuneration was almost twice the national average and the majority of staff accepted a very modest change to their bonus system, bearing in mind the mass unemployment that has occurred in American retailing over the past few years.

We have not cut back on capital expenditure in Brooks Brothers and continue to give the necessary funds to modernise its stores, and in particular to develop new information and distribution systems. Frankly, without these, it would have no future. We are not trying to popular-

ise Brooks; clearly this would not be in its interests and we are not so stupid as to think it would be. Brooks Brothers, however, cannot develop and grow based upon a declining number of ageing Wall Street customers and must broaden its base at least into the 40-year-olds, while of course maintaining the loyalty of its more traditional customers. We are succeeding with this policy.

It is not surprising that we are struggling to match the 1988 results to some of the other American retailers; some of the greatest names are either in the bankruptcy courts or have already closed down. It may come as a surprise to Nikki Tait, but the American retail scene has been in recession for the past few years and continues to be so. Throughout that time, Brooks Brothers has consistently made a profit, which is more than can be said for many of them. Richard Greenbury, chairman, Brooks Brothers, Bracken House, One Friday Street, London EC4M 9JA

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Thursday August 5 1993

The choice over Sarajevo

AT ALMOST every turn during the grimly grimed Bosnia-Herzegovina, the governments of the US and the European Community have conspired to make a desperate situation worse. By prematurely recognising a state which did not enjoy the support of many of its own citizens, they helped to precipitate the civil war. By issuing threats against the Serbian aggressors, they raised hopes among the mainly Muslim victims: by failing to carry out these threats, they further emboldened the aggressors. In the absence of effective western pressure on the Serbs and Croats the international mediators have merely assisted in Bosnia's dismemberment.

Now, unless the latest flurry of international concern produces radically different results, the final humiliation seems to be at hand. In Bosnia itself, the fighting rages as ferociously as ever with UN humanitarian troops looking impotently on. In Geneva, EC and UN mediators play midwives to the partition of Bosnia into ethnic mini-states and press the Muslims formally to accept their defeat. Worst of all, in Sarajevo, defeat for the Muslims looks like turning into disaster as the Serbs complete a ring of artillery on strategic heights round the capital.

And what is the west's response? More meetings, which may be provided complete structures and objectives can be agreed - result in air strikes against the Serbs. Small wonder that President Milosevic and his Bosnian proxies seem unconcerned.

There is, in fact, at least a possi-

bility that Tuesday's Nato agreement - under heavy US pressure - to resort to air strikes unless the Serbs stop their "strangulation" of Sarajevo, will produce results. America's allies having swallowed their reservations about the risks to their ground troops and agreed to so explicit a threat, it is hard to see how they can avoid following through.

The question remains: what can air strikes on their own be expected to achieve? The Bosnian conflict, as much as any war, is about control and denial of territory; it is fought on the ground, with infantry, tanks and artillery. Air power may be of some use as a political signal, but its influence on the actual fighting will be marginal at best unless it forms part of a more carefully thought-out overall strategy for the defence of Sarajevo. Given that the Clinton administration has refused to deploy ground forces in Bosnia, it is ill-equipped to take the lead in elaborating such a strategy. Those who do have troops in situ under the UN flag must thus urgently start work on one themselves.

To demand this is simply to ask that western countries fulfil their own pledge to create, and defend, "safe areas" for the Muslims and prevent Serbia and Croatia from completely carving up Bosnia between them. If Sarajevo falls, that pledge, like all the others, will be exposed; two-way partition will be complete; and Europe east as well as west will be faced with an increasing influx of uneducated, desperate people. It is a tragedy that must be prevented.

Changing Japan

IN THE LAST 30 years the world has got used to thinking of Japan as a great economic power, one of whose strengths was that it combined formal democracy with total political stability. Japanese prime ministers came and went, but few outside Japan remembered their names. They did not matter because they all belonged to the same Liberal Democratic party (LDP) and their individual impact on policy was negligible. These septuagenarians succeeded each other according to an elaborate queueing system, modified by an endless and obscure struggle between factions with no discernible political content. Japanese politicians were assumed (like politicians in several other democracies) to be corrupt, to a greater or lesser degree, but that did not matter either. It was all part of the system, and there was no prospect of it changing.

Today, however, it will change. The parliament elected last month has to choose between two candidates for prime minister, both in their mid 50s. Barring some extraordinary last-minute hitch, it will elect Mr Morihiro Hosokawa, the leader of the Japan New Party. The LDP will go into opposition for the first time in its 33-year history. Mr Takako Doi, a woman and a socialist, will become speaker of the lower house.

This will not mean any immediate or dramatic change in Japanese policy. The new government is composed of seven parties ranging in ideology from socialist via Buddhist to conservative. The pol-

icies on which they have been able to agree are, in so far as they have yet been spelt out, essentially a continuation of the previous government's - especially in those areas such as foreign affairs and economics which are of greatest interest to the outside world. The main agenda of the new government is "political reform", but even the content of that is not too clear beyond a pledge to introduce a new electoral system in which half the MPs will be elected in single-member constituencies, the other half by proportional representation. (The present one, involving a single, non-transferable vote in multi-member constituencies, discourages opposition parties from putting up enough candidates to win a majority, lest they spread their votes too thinly, and has therefore tended to perpetuate the LDP majority.)

Not LDP hopes confidently, and not without some reason, that on the details of this and other issues the coalition will soon fall apart, enabling it to return to office on the basis of a deal with one or more of the other parties. But even if that happens, Japanese politics will still have changed irreversibly. A new generation has taken over, without waiting until it has passed what in other countries would be retirement age. A single-party system has been replaced by a multi-party one. From now on politicians and the electorate will both know that the latter can turn the former out of office. Japanese democracy has come of age.

Nuclear decision

THE SECOND round of public consultation on the £2.5bn Thorp nuclear reprocessing plant offers a chance for full consideration of this enormous and controversial project, which has taken nearly 10 years to build. Unfortunately, the government's statement yesterday suggests that this opportunity may be missed.

There are two areas which need to be addressed: environmental and economic. Ministers say that environmental considerations were adequately covered by the first public consultation which ended in January and that they are now "minded to grant" authorisation. Although the second public consultation calls for comments on economic and diplomatic factors, the government adds that these are "not relevant" to its eventual decision.

This narrow interpretation of ministers' remit is not satisfactory. If British Nuclear Fuels, the plant's owner, makes a loss, the taxpayer will foot the bill; if reprocessing saddles its main UK customers, Nuclear Electric and Scottish Nuclear, with unnecessarily high costs, the electricity consumer may face higher charges. The economic case must be explored without prejudice.

The consultation documents issued yesterday make an unpromising start. They contain only part of a key report by Touche Ross which is the basis of BNF's profit projections, and the government has not endorsed or separately audited BNF's figures. Nor do they include enough to

permit a judgment to be made about BNF's claim that cancellation would cost the UK £900m in cash flow - a figure which is partly dependent on BNF meeting its cost targets. Furthermore, important details of BNF's contracts with its main overseas customers, Germany and Japan, are withheld. Ministers recently suggested that if Thorp were cancelled, compensation to customers could run to £25m. However, the report puts the maximum at £4m and adds that the contracts provide BNF with "robust legal protection" against this event.

An independent examination of the economic case is the minimum needed to answer these uncertainties. But the government should also address the question of whether the UK and Thorp's customers might collectively benefit from cancelling the plant. This possibility, known as the "win-win" option, has been diplomatically inaccessible because all sides fear they might be liable for penalties if they initiated cancellation.

Taken to one extreme, this option might even encompass sending Thorp's key components to Japanese utilities, who make up a third of the plant's order book and who have funded much of its construction. The Japanese government, which is planning its own reprocessing plant, is concerned about the prospect of shipping reprocessed plutonium back from Thorp. If the second public consultation is to be a rubber stamp, the government should consider these issues fully.

he stakes could scarcely be higher for Mr Zhu Rongji, who was entrusted last month with wide-ranging powers to restrain China's runaway economy; for foreign investors who have poured billions of dollars into China in the past decade; and for the country itself.

Failure by the reformist Mr Zhu, China's senior vice-premier in charge of the economy, to regain control, and more importantly to curb inflation, would almost certainly invite pressures from Communist party conservatives for more decisive action, thus risking a return to the boom-and-bust cycle of the 1980s.

Mr Zhu, known colloquially as China's economic tsar, has wasted little time in seeking to impose a tough stabilisation programme since panicky colleagues handed him unprecedented powers over the economy. His initial efforts to restrain inflation, restore order to China's chaotic public finances, and to curb rampant speculation in land and other commodities appear to be making an impact; but he must be well aware that it will be months before he can claim a semblance of victory, and perhaps at least a year before it is possible to judge whether his medicine is working.

In the meantime, for foreign investors no less than for Chinese enterprises and provincial governments, the paramount question is whether China is able to avoid the "hard landing" that afflicted its economy in 1988-89 during a previous period of severe retrenchment.

Western officials and Chinese economists believe that the stabilisation plan, with its credit curbs and much-needed measures to impose financial discipline, stands a reasonable chance of success, but they also predict a "bumpy" road ahead. While Chinese officials continue to talk of "macro-economic controls" to slow growth, which reached an annual real rate of 13.9 per cent in the first six months of

The appointment of someone of Mr Zhu's seniority reflects worries about loss of party control over the provinces

this year, they have been obliged to resort to cruder methods to achieve their ends. These have included a series of administrative measures, such as demands that banks and financial intermediaries call in loans for speculative real estate projects, and a mandatory requirement that both public and private-sector employees purchase unlisted government bonds to help fund the budget deficit of more than 80bn yuan (\$14bn).

The central authorities have also fallen back on a practice often employed in the past when they felt their will was being ignored: "investigation teams" have been dispatched to the provinces, ostensibly to report on local developments, but in reality to enforce directives. Mr Zhu's appointment as governor of the People's Bank of China, the central bank, along with his other responsibilities as senior vice-premier in charge of the economy, was designed to send a powerful signal to provincial officials and representatives of financial institutions that they ignore central government edicts at their peril.

The appointment of someone of Mr Zhu's seniority to head the central bank is a sign not only of the depths of the leadership's panic about an economy spiralling out of control; it also reflects deepening worries about an erosion of party control over the provinces. Economic liberalisation and devolution of power had come to be seen not as the promise of a glorious new dawn, but as a monster threatening to devour its master.

It is perhaps a tribute to Mr Zhu's force of personality that he appears, for the moment, to have imposed a new sense of sobriety on hyperactive provincial chiefs who had

Long slog to a smooth landing

China's economic tsar is trying to impose a tough stabilisation programme to prevent overheating, writes Tony Walker

sought to outbid each other in a scramble for investment funds. The Chinese press is crowded with the statements of local officials admitting their overzealousness, and committing themselves to the stabilisation programme.

But this bout of self-criticism probably derives as much from an age-old tendency of Chinese officials to set their sails to the prevailing wind, while hiding their time for the next wind-shift, as it does from genuine remorse. Mr Zhu, who will accumulate enemies during this retrenchment phase, must know that he can hardly afford to falter.

While his confirmation as the supreme figure in charge of China's economy provides considerable opportunities for his advancement, it also makes him especially vulnerable should things go awry, at a time when the leadership itself is unstable as manoeuvring intensifies in preparation for the post-Deqiao Xiaoping era. Mr Zhu also suffers from the lack of an independent power base as a former Shanghai mayor he is a relative newcomer to Beijing's higher echelons.

China has been in transition from one generation of leaders to the next for the past couple of years, but the worst of the factional conflict can be contained as long as Mr Deng, or those speaking for him, remains a force behind the scenes. Chinese officials have discounted the recent spate of rumours about Deng's deteriorating health, but there is no doubt that he is much frailer now than he was a year ago.

But Deng's recent references to problems with China's peasants, suggesting that their "burden has already surpassed the limits of their endurance" certainly helped to focus attention on one of the most critical problems facing the government. Unrest in the countryside is being fuelled by growing resentment over disparities in wealth between urban and rural areas. Average rural per capita net income is about ¥770 annually, less than half that of urban dwellers.

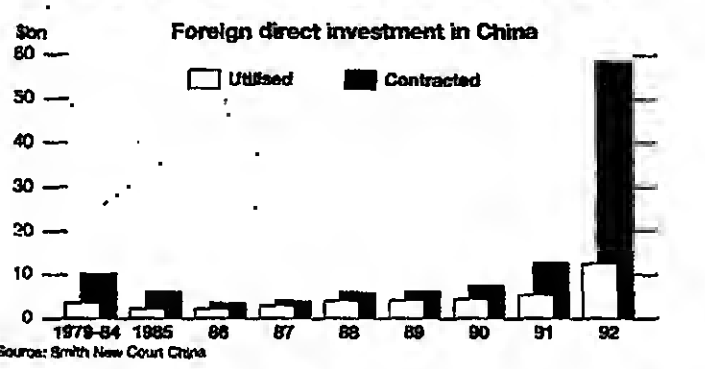
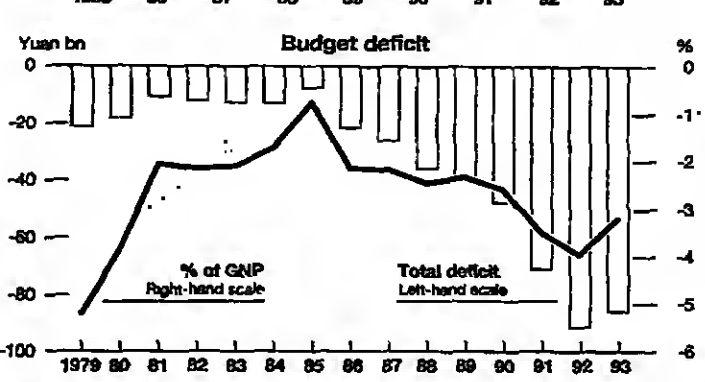
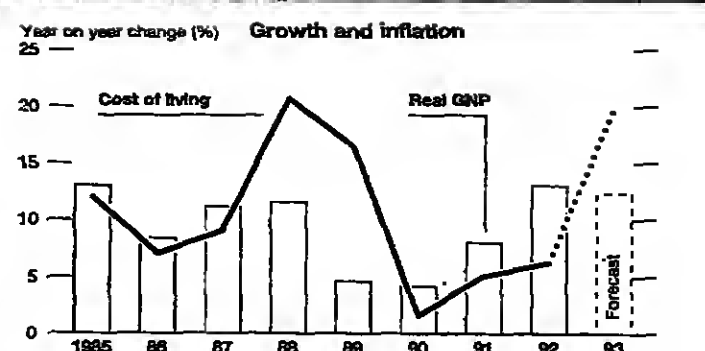
Peasant unhappiness over the income gap, and crippling taxes and levies, spilled over into dozens of incidents in the past year across the country, including the storming in June of government offices in a county headquarters near Sichuan's capital, Chengdu, where angry farmers held local officials captive to protest against the levying of a road-building fee.

Increasing restiveness among China's 800m rural dwellers has preoccupied the leadership for months, and was certainly a catalyst for the stabilisation programme, one aim of which is the redirection of investment to agriculture, which had been starved of funds as "hot money" poured into industrial development zones and real estate projects in coastal regions.

Significantly, the authorities have suspended all price reforms for the rest of this year. A principal cause of farmers' unhappiness has been the sharp rise in the costs of agricultural inputs, such as fertilisers and pesticides, along with the difficulties they have faced in redeeming IOUs, in effect promissory notes, for grain acquired compulsorily by the state.

Farmers have been promised that the backlog of billions of yuan in IOUs will be honoured, but with the authorities seeking to restrain rapid money supply growth, the promised pay-out will squeeze funds available

China: applying the brakes



elsewhere in the economy. Chinese participants in prospective joint ventures have, for months, been putting pressure on their foreign partners to secure additional investment funds abroad as sources of domestic funding dried up. Foreign investors can expect more of this in the coming period as the government enforces its credit curbs.

Not least of the challenges facing Mr Zhu is a pervasive corruption that reaches high into the Communist party itself. With China's laws still evolving, and with the system having entered a murky transitional phase between a centrally planned and a market economy, opportunities for corrupt officials to profit have become almost boundless, especially in the area of land allocation for real estate. The embryonic privatisation process is also proving fertile ground for officials seeking to feather their own nests in an opaque system where back-door deals tend to be the rule rather than the exception.

Mr Zhu and his supporters appear to have acted with restraint so far in dealing with officials in the financial sector who have engaged in a welter of unauthorised lending, either through banks or, more commonly, through affiliated financial

intermediaries such as "trust and investment" companies (similar to venture capital groups) that have mushroomed across the country. Mr Zhu is thought to want to avoid giving the impression at this stage that he is about to launch a vendetta for sins committed during a previous period of lax central bank control. He knows that he cannot purge the system without risking further chaos at this delicate stage.

The main task facing the authorities is to ease pressures on prices. Anecdotal evidence suggests that the cocktail of credit restrictions and two increases in interest rates since May may be having an effect. Prices for building materials such as steel and cement have dropped by about 15 per cent in the past two months, and a property boom in coastal regions is flagging.

But consumer prices are likely to prove more resistant to measures adopted thus far, especially in view of the fact that in May and June urban inflation exceeded 20 per cent on an annualised basis, according to a western economist in Beijing, who noted that the authorities had been coy about producing specific details for these months. The cost of living in urban areas for the first six months of the year was 17 per cent

higher than for the same period of last year.

Officials are concerned that inflation and inflationary expectations have become so embedded that interrupting the spiral will prove difficult without resort to harsher administrative measures that would fly in the face of the market reforms to which China's leaders claim they are committed. But, judging by recent official statements, the temptation to intervene more severely by strengthening the price control regime for some essential commodities may prove irresistible if measures adopted thus far fail to check the price spiral. On the macro level, further increases in interest rates would seem to be unavoidable.

Other priorities include strengthening the Chinese yuan, which depreciated in the past year by more than 50 per cent against the dollar on the officially sanctioned currency swap markets where the bulk of foreign exchange transactions are conducted. It has recovered some ground against the dollar since Mr Zhu took command, and this is being hailed as an early success. However, the central bank has been obliged on several occasions to intervene to support the yuan at around nine to the dollar. The official exchange rate remains at ¥8.7 to the dollar.

If all the above challenges are not more than enough for one man, China's economic tsar is also being obliged to respond to pressures to reverse the country's deteriorating balance of trade, which recorded a deficit of \$3.54bn in the first six months of the year compared with a healthy surplus last year. Chinese officials have pledged to bring about an improvement in China's terms of trade without resort to administrative measures such as import curbs.

If the trade gap continues to widen, Beijing's central planners might find it difficult to resist intervening, although western officials point out that such a move would undermine China's case for mem-

If the trade gap continues to widen, Beijing's central planners might find it difficult to resist intervening

bership of the General Agreement on Tariffs and Trade. Western officials also believe that China, with adequate foreign exchange reserves of about \$20bn, would be mistaken if it became too preoccupied with reducing a "manageable" deficit on its trade account at a time when its "modernising" economy is continuing to grow at an anticipated rate this year of about 11 per cent, and at forecast rates of 9.8 per cent for the rest of the decade.

Burdened though he is by the challenges involved in stabilising China's economy, Mr Zhu insists that he is committed to pressing ahead with reforms so as not to lose the momentum generated over the past few years. Among his most urgent targets are a further rationalisation of state industries such as iron and steel, which accumulated losses last year in the order of \$76bn, and a drastic overhaul of an archaic banking sector. The banks have largely been left alone, but reform is long overdue if China is to move further down the road towards a market economy. China's banks operate like cashiers, rather than agents of economic activity.

Few would envy Mr Zhu his task. But a hopeful sign for foreign investors and for the Chinese is that, on this occasion - unlike 1988-89 when the economy was brought to a virtual standstill by a series of tough administrative measures - it is the reformists and not party conservatives who have seized the initiative. The question is whether a lighter hand will achieve results quickly enough to enable the reformists to claim any early victory. The signs are that Mr Zhu and his supporters are in for a long, hard slog. Success is far from assured.

OBSERVER



marking Sir James Ball's 60th. He and Sir Terence were big buddies at the London Business School.

What a ghastly thought if the Brits should be aping that irritating little German habit of bringing out a so-called Festschrift commemorating significant birthdays or retirements of corporate worthies. Pompous Germans issue Festschriften because there is no equivalent in the Times Court Circular page. In practice, they are chunky tomes that mostly just gather dust on otherwise empty office bookshelves.

Next equation

By contrast with Sir James's former pupils, the Legal and General insurance group didn't do anything to mark its chairman's 60th birthday last month. Any celebrating will have to wait until next May when Sir James finally steps down after 14 years at the helm.

However, bets are already being placed on who will take over the L&G chair. Will it pick another business academic or, following the Prudential's example, will it promote David Prosser, the current chief executive? Given that Prosser has only been in his job for a couple of years and is still under 50, the betting must be that Ball will be replaced by an existing non-executive director.

BET chairman Sir Christopher Harding would seem the favourite

but given his increasingly full portfolio, BAA chief executive Sir John Egan could stand a chance.

Of course, L&G could be really brave and appoint a female chairman. James Lang Wootton's formidable Honor Chapman, for example, has just gone on the board. She is one of the very few women to have made it to the top in the male-dominated property industry.

If Sir Christopher Benson, ex-husband of MEP, is right for Sun Alliance, surely a case could be made for Chapman at L&G?

Debased

Norman Lamont, the ex-chancellor of the exchequer and former Master of the Royal Mint, may be free from the cares of office but his problems persist.

Only this week he was reported on the train from Norwich trying to buy a cup of coffee with old 10p pieces.

Seems a bit of a liberty for a man who ordered that the coins would no longer be legal tender after the end of June.

Grounded

Daddy, daddy, does the current crisis over the future of the exchange rate mechanism mean that ERM is a dead duck?

I should think so, son: it certainly won't fly.

When bigger is better

If the staff of the Leeds Permanent Building Society think that they will have no problem getting on with their close neighbours in Bradford then they had better brace themselves for the jargon from the new chief executive they are inheriting from National Provincial.

O'Brien, 52, an ex-IBM man, has only been running N&P for three years and for most of the time has been engrossed in a "business re-design" programme. Bent on replacing the functional hierarchy with a new culture based on teamwork, O'Brien talks of a world in which staff are players, a meeting is a team event, a task is a journey and jobs have become roles.

When O'Brien takes his new seat on the direction management team - sorry, board - of what will be one of Britain's top three building societies, one of his first tasks will be to rationalise the way the latest corporate move squares with his earlier thoughts on the subject of size.

"To think business is about acquiring other people is missing the whole point," he told a colleague a few months ago.

Backfiring

Princess Paola Ruffo di Calabria, soon to be the new Queen of Belgium, is famous for her disdain of excessive protocol. According to one US news agency report she was barred from the Vatican in 1989 because she turned up in a miniskirt. As if this were not bad enough, the report adds that "In Rome, she was seen driving around in Vespa."

Handy men

No prizes for guessing which countries earned top marks at the 32nd International Youth Skill Olympiad just closed in Taiwan. Of course - the host nation and South Korea, producing 30 medals between them.

Less predictable was the fact that joint fifth, with Austria, and ahead of the impeccably highly qualified Germans was, yes, Britain. Overcoming a reputation for a lousy workforce with a paucity of skills the Brits managed three silver and

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INSIDE

Bertusconi publisher may be floated

Silvio Bertusconi Editore, the Italian publisher owned by Mr Bertusconi's Fininvest group, could be floated within the next three months, raising up to £600m (\$376m) for the heavily-indebted parent company. Page 12.

GKN holds profits steady

GKN, the UK automotive components, engineering and industrial services group, achieved virtually unchanged pre-tax profits of £60m (\$88m) in the first half after heavy restructuring costs. Page 12. Lex, Page 10.

Husky Oil on the way back

Mr Li Ka-shing, the Hong Kong billionaire, is beginning to recoup his huge write-offs and investments in his Canadian energy company Husky Oil. Page 14.

Sprint links up with Call-Net

Sprint, the third-biggest long-distance carrier in the US, is linking with Call-Net Enterprises, and has acquired a 25 per cent equity stake in the Canadian telecom group. Page 14.

Gencor unveils unbundling

Gencor, South Africa's second largest mining house, unveiled details of its proposed unbundling which will leave it larger than originally thought. Page 14.

Rush for Russian debt

An unexpected rescheduling agreement reached by Russia and western creditor banks has triggered a sharp increase in price and trading volume on the secondary market for Russian debt. Page 15.

Glynwed improves results

Glynwed International, the UK metals and plastics processing group, lifted half yearly pre-tax profits by nearly 20 per cent to £18.3m (\$27.38m) the fourth consecutive half of improved results. Page 18.

DIY sector comes apart

The British are the biggest Do It Yourself enthusiasts in Europe but as the recession has dragged on even they seem to have lost their appetite for putting up shelves and grouting their bathrooms. The downturn has led to a damaging price war which has put the future of Do It All in doubt. And there remains the threat that overseas competitors such as Home Depot of the US will enter the market. Page 10.

Shell plans to lift its game

Mr John Jennings, the new chairman of Royal Dutch Shell, announces the UK-Dutch group's interim results today. They are expected to be good but Mr Jennings says: "We have to lift our game". Page 18.

Green currencies stabilised

The rally in the value of the French franc has averted the widely-expected need for immediate realignment of Europe's green currencies. Page 20.

Bombay stocks surge

A resurgence of investor enthusiasm in Bombay pushed the market ahead and contributed to a 1.9 per cent advance in dollar terms in the Asian regional index of emerging markets. Back Page.

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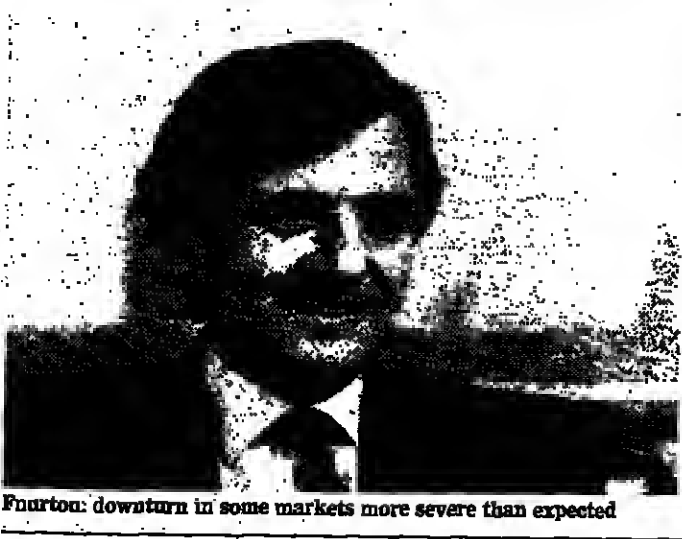
Chief price changes yesterday

FRANKFURT (DEM)	PARIS (FFr)
Alcoa	145 + 55
Continental AG	227 + 8
DEW	395.5 + 10.7
Löwenbräu	751 + 21
Schweischub Lub	358 + 10
Wolfsburg	626 + 17
NEW YORK (US\$)	TOKYO (Yen)
Alcoa Ind	3270 + 130
Digital Equipment	114 + 10
Eastman	3270 + 130
General Electric	3270 + 130
IBM	3270 + 130
Intel	3270 + 130
Microsoft	3270 + 130
Northern Telecom	3270 + 130
Oracle	3270 + 130
SAP	3270 + 130
Siemens	3270 + 130
Sony	3270 + 130
Veritas	3270 + 130
World Wide	3270 + 130
Yahoo	3270 + 130

NEW YORK PRICES AT 1230

Alcoa	145 + 55	Continental AG	227 + 8
DEW	395.5 + 10.7	Löwenbräu	751 + 21
Schweischub Lub	358 + 10	Wolfsburg	626 + 17
Alcoa Ind	3270 + 130	Digital Equipment	114 + 10
Eastman	3270 + 130	General Electric	3270 + 130
IBM	3270 + 130	Intel	3270 + 130
Microsoft	3270 + 130	Northern Telecom	3270 + 130
Oracle	3270 + 130	SAP	3270 + 130
Siemens	3270 + 130	Sony	3270 + 130
Veritas	3270 + 130	World Wide	3270 + 130
Yahoo	3270 + 130		

Rhône-Poulenc warns of 10% profit fall



By John Riddling in Paris

MR JEAN-RENE Fourtou, chairman of Rhône-Poulenc, the French chemicals group and one of the companies which will spearhead the government's privatisation programme, yesterday warned of a fall in profits for the first half of 1993 and for the year as a whole.

Mr Fourtou told Les Echos, the financial newspaper, that the group's first-half net profits were expected to be about 10 per cent down on the FF1.55bn (\$250m) reported for the same period last year. This was later confirmed by the company.

The share price fell from FF115 to FF114.

The forecast means that the

three main companies named on the shortlist of four to launch the French government's privatisation programme have issued profit warnings. Elf-Aquitaine, the oil group, and Banque Nationale de Paris have also said that profits are expected to be lower for the first half of the year.

Mr Fourtou said it was difficult to establish estimates for the full year because of currency movements, possible cuts in interest rates and continued uncertainty in several of the group's markets.

"But taking these elements into account we think today that our results for the full year could be less than those for 1992."

"The outlook for 1993 does not put into question the capacity for our results in the medium term," he added.

According to Mr Fourtou, the expected fall in first-half profits reflected the impact of the worsening recession in Europe.

The group's organic chemicals and fibres businesses had suffered from a decline in volumes and prices and the downturn in these markets had been more severe than expected, he said.

Results in the speciality chemicals division, which produces food additives, silicon, and chemicals for the paper and paint industry, were also below target levels, in spite of improved sales in the US. The agricultural chemicals and fertilisers business was hit harder than forecast because of reform of the EC's common agricultural policy had cut demand.

For the remainder of the year, the group expected continued weakness in the markets for chemicals and fibres. In addition, the rate of growth or results in the health division is expected to be slower than in the first six months of the year.

On a positive note, Mr Fourtou said that interest payments should continue to fall, helped by improved cashflow and receipts from the sale of non-strategic assets. Last month, the group raised an estimated FF4.5bn from the sale of its 35 per cent stake in Roussel-Uclaf, the chemicals group.

Mr Fourtou said the health and agricultural businesses would benefit from the launch of new products.

Merger of Leeds and N&P continues consolidation in financial services



	Leeds	N&P
Branches	433	315
Employees	5,591	4,231
Customers	4.5m	2.78m
Total assets	18.3bn	12bn
League position	5*	8*
Pre-tax profits	£152.7m	£90.2m
Cost/income ratio	42.6%	40.9%
Chief executive	vacant	David O'Brien
Chairman	Malcolm Barr	Richard Newton
Head office	Leeds	Bradford
Credit card	Leeds Visa	N&P Visa
Finance agency	89	14
Tied to	Norwich Union	N&P Life Assurance Ltd
Client account	No	No
Cash machines	105	67
Agencies	146	170



Leeds: All financial information as at last balance sheet date audited 30/9/92

N&P: All financial information as at last balance sheet date audited 31/12/92

Building societies to join forces

By Scheherazade Daneshmandi and John Gapper in London

LEEDS Permanent and National & Provincial building societies in their proposed merger announced yesterday is unusual. Leeds is to retain its name, its head office, and its chairman, National & Provincial will contribute its chief executive, and a cartoon bee.

The bee, which is the society's trademark, and the chief executive, Mr David O'Brien, are already the most recognisable aspects of N&P. Both are likely to become better known as a result of the merger which is intended to create the third largest society.

The motive for mergers in the past five years has been the rescue of small troubled societies by bigger, better capitalised ones. This merger is different. It not only creates a rival to Nationwide in asset size, it has also been negotiated from positions of mutual strength. In deciding to merge, both societies have given a signal that industry consolidation is entering a critical stage.

"This is a true merger, not a rescue," said Mr Roger Beves, Leeds' acting chief executive.

Yet that difference makes the task harder. In trying to create a larger force in the overcrowded retail financial services market, the participants already know the pitfalls. Unless they cut costs and achieve a real merger, they are in danger of simply growing more unwieldy and bloated.

The example not to follow is Nationwide Building Society, which failed to merge the Nationwide and Anglia societies properly in 1987. Nationwide is only now starting to show signs of tackling the high cost to income ratio and poor returns on capital and assets it inherited.

Yet those involved argued yesterday that they had little choice but to take the risk. Mr Beves said consolidation was dividing societies into large distributors of products that include not only mortgages but life insurance and equity products; and small local societies.

If the merger proceeds, it will mean that the new top three societies will build 48 per cent of the

A marriage of equals in an overcrowded market

Two audiences will have to be convinced that the merger is worthwhile: the US ratings agencies, which rate debt and so fix the cost of wholesale borrowing; and the societies' members.

Mr O'Brien and Mr Beves are walking a narrow line between the two in deciding how much - if at all - to reward members for approving the merger. By giving them bonuses, they would cut the capital ratios to which agencies such as Moody's and Standard and Poor's attach great importance.

The threat of protests from staff and members, and yesterday's announcement that the societies' debt ratings face review by Moody's, show that it is a tricky balance.

Cost savings are the most obvious. The new society intends to reduce the combined branch network to 650 from 768, eliminating 1,600 of the combined 9,800 staff.

But both have a mixed history of trimming costs. Their cost to income ratios of 42.6 per cent for Leeds and 40.9 per cent for N&P are better than Nationwide and Woolwich. However, they do not match the strict discipline of Cheltenham & Gloucester's 22.1 per cent.

The likelihood of distributing products better is less certain. N&P is already tied to its own life insurance subsidiary, but Leeds was about to set up its own. No clear plan has been settled for combining the operations.

The question the respective chairmen and chief executives had most difficulty answering yesterday was how their sales would be helped just by being bigger. Size has helped Halifax, the largest society, to lead the market, but will a society half its size be big enough?

Finally, there is management improvement. Mr O'Brien has achieved a reputation at N&P for using analytical methods such as "process re-engineering" and he said he would apply some of these to Leeds.

News Corp plans share issue to help pay for Star TV

By Raymond Snoddy in London

MR RUPERT Murdoch's News Corporation plans to raise about A\$300m (\$338m) through an issue of convertible preference shares to help pay for the acquisition of a 35 per cent stake in Star TV, the Hong Kong-based satellite TV company.

News Corp is issuing 25m convertible shares at A\$20 a share. The placement, which is underwritten, will also provide working capital for the media group.

The shares will pay an annual dividend of 6.25 per cent until mandatory conversion on April 30, 1998. The conversion price is the lower of a 7.5 per cent discount to the market at time of conversion or A\$20.

The new class of shares will require a change in the company's articles of association. An extraordinary meeting has been called for September 3.

News of the financing came as Mr Julian Mounier, chief executive of Star, which broadcasts to 38 Asian countries, confirmed that he would not be staying on to work for the Murdoch-controlled company.

As soon as word spread that Mr Mounier, who previously ran the New Zealand Broadcasting Corporation, planned to resign, Mr Sam Chisholm, chief executive of British Sky Broadcasting, the UK satellite consortium in which Mr Murdoch has a 50 per cent stake, flew to Hong Kong to try to persuade him to change his mind.

In spite of talks that lasted to midnight on Tuesday, Mr

Mounier refused to stay, even as a consultant.

It is believed that the main reason for his decision was that Mr Chisholm was already issuing instructions to Star staff from London. Mr Mounier had thought he would be reporting directly to Mr Murdoch.

The Star chief executive is understood to have already received three offers, including one in Hong Kong.

It is not yet clear who will run Star or what the role of Mr Chisholm will be. He is thought likely to remain in London in charge of BSkyB, a consortium in which Pearson, owner of the Financial Times, has a stake. Pearson failed in its attempt to get an acceptable deal to take control of Star.

News Corporation also issued a statement yesterday replying to criticisms by Dr Mahathir Mohamad, the Malaysian prime minister, of the growing influence of western media in the region.

News Corp said that it was very conscious of the Asian way of life and its unique cultural, historical and religious heritage.

"We intend to make Star TV a service which Asian families can enjoy in their homes and a service which governments in the region will find both friendly and useful," the company said.

The BBC provides one of Star's channels under a 10-year contract, but it is not yet clear what role BBC World Service Television will have with the Hong Kong broadcaster under its new owners.

This announcement appears as a matter of record only.

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A PRIMERICA Company

In Shops buys discount chain for £8m

By Neil Buckley

IN SHOPS, the Birmingham-based property group, is expanding its retail business by acquiring the Milbank Foods chain for £8.15m, but is seeking a buyer for its Executive Centres, serviced offices subsidiary.

The company also announced reduced pre-tax profits of £2m (£2.8m) for the year to March 31, on increased turnover of £26m (£24.3m). The decline in profits reflected increased losses at Executive Centres, from £200,000 to £650,000.

The final dividend is lifted to 2.09p, making a total of 2.75p (2.63p). Mr Tim Brooks, chairman, said the increase reflected confidence in the potential of the enlarged group.

The acquisition is to be financed with a placing and open offer of 14.05m shares at 56p each.

In Shops operates shopping centres of about 40,000 sq ft, divided into small units licensed for 12-month periods to retailers. It has forged links with discounters such as Kwik Save, Netto and Iceland, after discovering that the presence of such an outlet could attract more customers to its centres.

Milbank has 25 discount stores in north-east England, trading as Job Lot. They differ from conventional discounters by selling end-of-line and short-dated goods, often rejected by other grocery chains.

They usually carry fewer than 1,000 product lines exclusively in the areas of branded frozen foods, dry groceries and toiletries, with no fresh foods.

Mr Brooks said: "Job Lot doesn't aim to compete directly with supermarkets - it doesn't even sell milk, butter or bread - but many shoppers go there first to see what bargains they can pick up and then complete their shopping elsewhere."

Milbank's profits have almost doubled from £762,000 to £1.45m in the past three years, with turnover up from £15m to £18.1m.

In Shops hopes that the presence of Job Lot outlets in its centres will attract more shoppers, thereby stimulating demand for space. Its vacant space has increased from 14.5 per cent to 17.5 per cent in the last year.

Mr Brooks said the Executive Centres operation had been hit by the "diminution of the financial services industry" and a general over-supply of office space which led to a fall in occupancy levels in its centres.

A £5.5m provision has been made for loss on the disposal, including £4m of goodwill previously written off to reserves.

McKay hit by interest and refinancing charges

MCKAY Securities, the property investor and developer, reported a fall in pre-tax profits from £3.17m to £1.77m for the year to end-March.

Shares in the company, which last month agreed new financing arrangements with its banks, rose 5p to 130p.

The outcome was struck after a higher interest charge of £3.8m (£3.2m) and was further depressed by £600,000 of refinancing costs and the effect of not capitalising development outgoings (last year £791,000).

ECC completes Amps redemption

English China Clays has redeemed the last £50m (£53.5m) of its auction market preference shares.

The group redeemed £50m of Amps last year following a £209m rights issue in February 1992. In June this year it raised another £113.4m through a second rights issue and said it would redeem the remaining Amps.

ECC was one of the first UK companies to issue the securities, which are counted as equity, although having some characteristics of debt. Sentiment has turned against the securities, though, and the group has joined some other issuers in redeeming them.

Williamson Tea advances 68%

Firmer tea prices, reflecting the shortage of world crops, helped Williamson Tea raise annual profits by 68 per cent to £5.22m.

The advance from last year's £3.71m for the 12 months to March 31 came on turnover ahead to £34m (£30.9m).

The group, which produces tea in India, Kenya and Tanzania, said the outcome was also buoyed by a "greatly increased" contribution from its Indian associate.

The final dividend goes up to 12.5p, making 22.5p (20p) for the year, covered 4.9 times by earnings of 109.74p (37.73p) per share.

PUBLIC WORKS LOAN BOARD RATES				
Effective August 3				
Years	5%	6%	7%	8%
Over 1 up to 2	5%	5%	5%	5%
Over 2 up to 3	5%	5%	5%	5%
Over 3 up to 4	5%	5%	5%	5%
Over 4 up to 5	5%	5%	5%	5%
Over 5 up to 6	5%	5%	5%	5%
Over 6 up to 7	5%	5%	5%	5%
Over 7 up to 8	5%	5%	5%	5%
Over 8 up to 9	5%	5%	5%	5%
Over 9 up to 10	5%	5%	5%	5%
Over 10 up to 15	5%	5%	5%	5%
Over 15 up to 25	5%	5%	5%	5%
Over 25	5%	5%	5%	5%

Correction Notice
Mortgage Securities
(No. 1) Plc
£24,000,000
Class A
Mortgage Backed Floating Rate Notes due 2023

In accordance with the provisions of the notes, notice is hereby given that for the interest period 30th July 1993 to 29th October 1993 the notes will carry an interest rate of 6.1906% per annum.

Interest payable on the relevant interest payment date 29th October 1993 will amount to £1,543.41 per £100,000 note.

Agent Bank:
Bank of Scotland

Correction Notice
Mortgage Securities
(No. 1) Plc
£20,000,000
Class B
Mortgage Backed Floating Rate Notes due 2023

In accordance with the provisions of the notes, notice is hereby given that for the interest period 30th July 1993 to 29th October 1993 the notes will carry an interest rate of 6.3906% per annum.

Interest payable on the relevant interest payment date 29th October 1993 will amount to £1,593.27 per £100,000 note.

Agent Bank:
Bank of Scotland

CORRECTION

BUFFELSTON GOLD MINING COMPANY LIMITED (Reg No 013393406) ("Buffelston")

Both companies are incorporated in the Republic of South Africa

In the advertisement published in the Financial Times on August 4 under the paragraph headed "Proposed" and "Financial Effects" of the Transaction on Buffelston ordinary shareholders, an incorrect figure of 81,818 Buffelston ordinary shares appeared. This should have read 81,818 new Beatrix ordinary shares for each 100 Buffelston ordinary shares.

BEATRIX MINES LIMITED (Reg No 710213000) ("Beatrix")

PROPOSED UNBUNDLING OF GENCOR'S NON-MINING INTERESTS



1. INTRODUCTION

On 11 May 1993, the Gencor board announced that it would recommend to shareholders that certain of its listed strategic non-mining interests be unbundled. In terms of these recommendations, the ordinary shareholders of Gencor would receive their pro-rata entitlements to shares in Engen Limited ("Engen"), Genbel Investments Limited ("Genbel"), Melhold Limited ("Melhold") and Sappi Limited ("Sappi") (collectively "the affected shares") by means of a dividend in specie ("the unbundling").

2. RATIONALE FOR THE UNBUNDLING

Unbundling will provide ordinary shareholders with the ability to adjust portfolios between a number of focused companies which should result in significant benefits to them over the longer term. Enhanced focus should also increase the ability of the individual companies to develop local and international opportunities in their respective industries. The elimination of a portion of the discount that commonly exists between Gencor's market capitalisation and its net assets (at valuation) is also anticipated.

3. ACTIONS TO MINIMISE DIMINUTION OF ASSET VALUE

The same announcement stated that a major objective would be to minimise the diminution of Gencor's asset value. This objective was addressed as follows:

3.1 Transaction with Genbel

On 14 July 1993 the board announced that Gencor had reached agreement to acquire a number of important strategic interests from Genbel. These comprise all of Genbel's offshore interests, being shares in TransAtlantic Holdings PLC, cash and exploration ventures in Turkey, as well as shares in Kinross Mitee Limited, Impala Platinum Holdings Limited, Samancor Limited, Trans-Natal Coal Corporation Limited and Winkelhaak Mines Limited. These were acquired in exchange, inter-alia, for 8 946 813 shares in Engen and 12 391 699 shares in Sappi, then valued at approximately R762 million, which would otherwise have constituted part of the unbundling. This exchange is subject to the approval of Genbel shareholders in a general meeting to be held on 6 August 1993.

3.2 Retention of Investment in Malbak Limited ("Malbak")

The directors of Gencor have decided that the company should retain further assets over and above the portfolio of mining and commodity based assets which will comprise the assets of the company after the unbundling. Gencor will therefore retain its direct interest in Malbak (with a current market value of approximately R900 million), and distribute only its investment in Malbak. Taking account of the funding requirements of Gencor's projects, and the fact that the company currently has liquid resources totalling approximately R1 600 million, there are no plans to dispose of any portion of the investment in Malbak.

As a result of the above the value of Gencor after unbundling will, based on the current market prices of its underlying investments, be approximately R1.6 billion more than would otherwise have been the case, with net assets totalling approximately R14.1 billion.

4. PARTICULARS OF THE UNBUNDLING

Subject to the approval of the unbundling recommendations by shareholders in general meeting, Gencor will distribute the affected shares to its ordinary shareholders, registered in the company's registers of members on the unbundling record date as per paragraph 5, by way of a dividend in specie. The number of each of the affected shares to be distributed is as follows:

77 071 079 ordinary shares in Engen;
216 022 150 ordinary shares in Genbel;
20 988 577 ordinary shares in Malbak; and
54 795 848 ordinary shares in Sappi.

Immediately following the Gencor unbundling, Malbak will, subject to its shareholders' approval and such other approvals as may be required, be unbundled by the distribution to its ordinary shareholders of its holding in Malbak by way of a distribution in specie. Gencor has agreed, subject to the implementation of the Malbak unbundling, to act as an agent in respect of the distribution to Gencor ordinary shareholders of Malbak ordinary shares arising from the Malbak unbundling. Accordingly, Gencor ordinary shareholders will receive a total of 59 141 612 Malbak ordinary shares in lieu of their entitlement to Malbak ordinary shares, on the basis of 2,8178 Malbak ordinary shares for each Malbak ordinary share to which they are entitled as a result of the unbundling.

Gencor ordinary shareholders' entitlements to affected shares will be calculated on a pro rata basis in accordance with the ratio that the number of ordinary shares held by them bears to the total number of ordinary shares in issue being 1 376 125 873 shares, rounded down to the nearest one ten-thousandth of an affected share.

The unbundling will accordingly result in each of the ordinary shareholders receiving, for every 100 Gencor ordinary registered or bearer shares held on the unbundling record date, approximately:

5,606 ordinary shares in Engen;
15,697 ordinary shares in Genbel;
4,297 ordinary shares in Malbak; and
3,9819 ordinary shares in Sappi.

If, for whatever reason, the Malbak unbundling is not implemented, ordinary shareholders will receive approximately 1,5252 Melhold ordinary shares for every 100 Gencor ordinary registered or bearer shares, instead of the Malbak ordinary shares as mentioned above.

Fractional entitlements to the affected shares will be aggregated, sold and the cash proceeds, net of costs, remitted to the ordinary shareholders concerned.

5. UNBUNDLING RECORD DATE

The last day to register ("LDR") in order to receive the affected shares in terms of the unbundling is Friday, 5 November 1993, or such other date as may be determined by the Directors of Gencor.

6. IMPLICATIONS FOR 1993 FINANCIAL YEAR AND CHANGE IN YEAR-END

The proposed LDR will enable Gencor to report its income for the financial year ending 31 August 1993, particularly as regards the earnings and dividends related to the affected shares, on a basis which is consistent with that used in previous years. Furthermore, in the determination of the final dividend for the 1993 financial year, the directors of Gencor intend applying criteria which are consistent with those applied in previous years.

Gencor's first financial period after the unbundling will, subject to the Registrar of Companies' approval of a change in year-end to 30 June, be the 10 month period commencing on 1 September 1993, and ending on 30 June 1994.

7. FINANCIAL EFFECTS ON GENCOR

The unaudited pro-forma financial effects of the unbundling on Gencor's consolidated income for the financial year ended 31 August 1992 and on its consolidated net assets (at valuation) as at that date as well as on 30 July 1993, are summarised as follows:

	Notes	Before unbundling		After unbundling		Change
			Per ordinary share (Rm) (cents)		Per ordinary share (Rm) (cents)	%
Year ended 31 August 1992						
Earnings	1	1 261	98.6	599	46.9	(52.5)
Cash earnings	1	765	60.0	455	35.6	(40.5)
Net assets (at valuation)	2	18 446	1 341	11 287	820	(38.8)
As at 30 July 1993						
Net assets (at valuation)		20 998	1 526	14 143	1 028	(32.8)

Notes

1. The figures for earnings and cash earnings after the unbundling have been calculated on the assumption that the same number of affected shares being unbundled had been distributed at the commencement of the financial year ended 31 August 1992. To the extent that the actual holdings in such shares during this period exceeded the numbers being unbundled, only dividend income has been accounted for on the related excess.

- The figure for net assets (at valuation) after the unbundling has been calculated on the assumption that the unbundling of the affected shares had been effective on 31 August 1992. Actual affected shareholdings which were, on that date, in excess of the number of affected shares being unbundled, have been accounted for as part of Gencor's investment portfolio.
- The effects of unbundling on earnings and net assets for 1992 exclude any effects of the transaction with Genbel referred to in 3.1. This transaction would not have had a material effect on earnings if it had been effective throughout the 1992 financial year, or on asset value had it been effective on 31 August 1992.

8. FINANCIAL EFFECTS ON ORDINARY SHAREHOLDERS

The table below illustrates the effect of unbundling on the composition and value of the underlying investments of a holder of 1 000 ordinary shares in Gencor prior to unbundling.

Investment	No. of ordinary shares	Market value as at 30 July 1993		Percent of total
		ops	Rand	
Before unbundling Gencor	1 000	1 165	11 850	100.0
After unbundling				
Engen	56	4 000	2 240	19.2
Genbel	158	665	1 037	8.9
Malbak	42	1 475	619	5.3
Sappi	39	2 750	1 073	9.2
Cash in lieu of fractions			44	0.4
			5 013	43.0
Gencor (value of residue as reflected in current Gencor market price)	1 000	664	6 637	57.0
			11 650	100.0
Net assets (at valuation) of residual Gencor	1 000	1 028	10 280	

- The actual market value will depend on the price at which Gencor trades after its unbundling has taken place.
 - It is assumed that Malbak will unbundle and therefore Gencor ordinary shareholders will receive Malbak ordinary shares in lieu of their Malbak entitlement.
- Dividends on affected company shares will, after unbundling, accrue directly to ordinary shareholders, as will the Gencor dividends that will reflect its lower income base.

9. TAXATION CONSIDERATIONS

In terms of section 60 of the South African Income Tax Act, 1962:

- the share distribution by Gencor will not be deemed to be a dividend for the purposes of attracting secondary tax on companies and non-resident shareholders' tax; or
- an amount derived by a long term insurer from the investment of funds as envisaged by section 28(1)(b) of the South African Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
- shareholders on the South African section of the register of members will be exempted from stamp duty upon the registration of shares received by way of the unbundling; and
- Gencor shares held as trading stock will be subject to the specific provisions set out in the aforementioned section 60.

10. PROPOSED OFFERS IN RESPECT OF ODD-LOTS ACCRUING TO SOUTH AFRICAN RESIDENTS

Gencor will, other than in respect of its own ordinary shares, make an offer to ordinary shareholders resident in South Africa, registered as such on the unbundling record date, to facilitate the rounding to whole multiples of 100 affected shares of any such shareholders' odd-lots. As regards Gencor's own ordinary shares, Sankorp will make such an offer. These offers will open approximately one week after the LDR for Gencor ordinary shareholders to participate in the unbundling. The terms and further details of the odd-lot offers will be published on or about Friday, 12 November 1993.

11. PROPOSED SANKORP BEPERK ("SANKORP") FACILITY FOR NON-RESIDENT ORDINARY SHAREHOLDERS

Gencor has procured that Sankorp will make a facility available for non-resident ordinary shareholders. This facility will, in effect, enable such shareholders who elect to utilise it to sell their pre-unbundled Gencor ordinary shares to Sankorp, on condition that Sankorp will, according to a predetermined formula, transfer to them as consideration after the unbundling, a greater number post-unbundled Gencor ordinary shares in registered form. Further information pertaining to the facility, which will be administered by Smith New Court Corporate Finance Limited on behalf of Sankorp, will be published on or about Friday, 24 September 1993.

The rationale for the Sankorp facility is twofold. Firstly, it will enable non-resident ordinary shareholders to pursue their interests solely in Gencor. Secondly, acceptance of the share distribution by non-resident Gencor ordinary shareholders may attract unfavourable tax treatments in certain countries. The facility will afford such shareholders the flexibility of rearranging their Gencor shareholdings prior to the unbundling. However, no representation is made that all non-resident ordinary shareholders will be able or permitted to utilise the facility, or that it will be effective in assisting all or any of them as regards the above-mentioned possible tax treatments.

12. CONDITIONS PRECEDENT

The unbundling, the odd-lot offers and the Sankorp facility are all subject to the fulfilment of the following conditions precedent:

- the approval by shareholders of Gencor in general meeting on 31 August 1993 of the ordinary resolution to be proposed thereat for the implementation of the unbundling;
- the approval by Genbel shareholders of the transactions referred to in paragraph 3.1; and
- the approvals of The Johannesburg Stock Exchange, other relevant international stock exchanges, the Commissioner for Inland Revenue, and the South African Reserve Bank and such other South African and International regulatory authorities as may be required for the purposes of the foregoing.

13. SALIENT DATES

Circular and notice of a general meeting posted Monday, 9 August 1993
Gencor general meeting (at 09h30) Tuesday, 31 August 1993
LDR to participate in the unbundling (unbundling record date) Friday, 5 November 1993
Unbundling consideration posted to ordinary shareholders by Friday, 12 November 1993

The above dates and times are subject to change and any changes will be announced in the press.

14. CIRCULAR TO SHAREHOLDERS

A circular containing full details of the unbundling and incorporating a notice of general meeting, will be posted to shareholders of Gencor on or about Monday, 9 August 1993.

Johannesburg
5 August 1993

Gencor Limited
Registration number 01/01232/08
Incorporated in the Republic of South Africa

COMPANY NEWS: UK

The custodian with his feet on the ground

John Jennings, the new chairman of Shell Transport, talks to David Lascelles about its changing culture

JOHN JENNINGS gets a good view of the Houses of Parliament - and most of London for that matter - from his 22nd floor office in the Shell Centre on the south bank of the Thames. "It's hard not to let it go to your head," he said yesterday.

He is settling in to the chairman's office at Shell Transport and Trading, where he succeeded Sir Peter Holmes a month ago. Unlike his predecessor, who was famous for his effortless style and wide-ranging pursuits, Mr Jennings gives the impression of a man who has come up the hard way. More heavily built with a mane of white hair, he is blunter, less intellectual, though like Sir Peter he is a Shell man through and through.

He will be announcing his first set of results today when Royal Dutch Shell produces what are expected to be good interim results.

Mr Jennings will say he is not content with them. "In the last few years we've become dissatisfied with our overall performance. We've become convinced that we must improve returns on shareholders' funds," he said. "We have to lift our game."

These are hard words from a company which holds a strong, even unassailable position at the top of the world oil industry, with a formidable reputation for thoroughness and

excellence. But recent years have not been easy for Shell. Shell Oil, the US subsidiary, has performed badly, its Japanese associate recently lost £744m on currency speculation, and Shell's returns have not measured up to those of its main rival Exxon.

Could Shell have allowed things to go to its head?

"Complacency and arrogance are the siren voices of the successful. I'd hate to think we were complacent. But sometimes no doubt we are."

Several companies in the Shell group have costs which are too high, says Mr Jennings. "But rather than turning to Mecca and praying for higher oil prices we have to look at what we can do to help ourselves."

Shell has already announced wide-ranging job cuts and efficiency drives. "It is not just automating the past, but looking at the future in a creative way, giving more people in the organisation access to what you already know. By redesigning you can get rid of bottlenecks."

As well as raising performance, Mr Jennings believes that Shell must steadily work to modify its culture so that it becomes more intent on expansion and less on improving its own internal processes.

"The people in the organisation who keep the company going 24 hours a day seven days a week don't get enough recognition, but the builder of a new project at the sharp end, the glamorous end, gets all the attention. This leads to an acquisitive culture. It produces a state of mind which makes it easier to add to the portfolio than to stand back and ask is this something we should be doing? We must be careful not to neglect what we have



John Jennings: the group must maintain its view of the horizon and not stray into short termism

already got."

Mr Jennings, who has been a member of the group's managing committee since 1987, thinks he already sees signs of this cultural shift. The group structure is being shaken up.

Parts of it, like the crop protection business, are being sold off, others are being merged with other companies, like polyolefins with Ferruzzi of Italy, or metals with Gencor of

South Africa. "These moves are not a cop out which say we can't manage. It's all about making our portfolio more profitable, more robust. We have to maintain our view of the horizon, not stray into short termism," says Mr Jennings.

Although Mr Jennings now occupies the chairman's offices, he stresses his limited role in Shell's complex structure where ultimate power lies

in the five-member joint managing committee with Royal Dutch. "I can't say 'Now that I'm chairman things are going to be different'. I'm a member of a collective team." There are no abrupt changes of style in Shell, only a "continuum".

Where his influence will be felt strongest is in his four areas of specific responsibility. One is for the group's business in the Asia Pacific region "an enormous and exciting area" likely to produce the strongest growth - and one where Royal Dutch has a history going back 100 years. Another is for coal and natural gas, the latter in particular a growth area in which Shell has a large position, though Mr Jennings says that gas will have to overcome the obstacle of long-distance transportation. A third is for research, and the fourth for health, safety and the environment, all of which he holds to be of "fundamental importance" to the group.

"We should be modest about the past. Through a process of selection you are put in the role of custodian. You have to look after a portfolio of assets built up over a century. To take credit for the past is wholly inappropriate."

He glances out at the view again. "You have to keep your feet firmly on the ground."

Haemocell hit by distribution hitch

By Daniel Green

SHARES in Haemocell, the medical equipment company, fell 29p to 121p yesterday after the group dropped the exclusive worldwide distributor for its only product.

At the same time, the company estimated its loss for the current year to August 31 would be at about last year's level of £1.63m and warned that final severance terms agreed with the distributor, Stryker Corporation of Chicago, may affect the figures further.

Haemocell's product, a blood cleansing machine called SSSO, only received approval from the US Food and Drug Administration in October 1992. This was followed by a rights issue and a launch on the US market through Stryker.

Mr Trevor Wilson, operations director and 10 per cent shareholder, gave few details of the reasons for the cancellation of the contract because "there is a potential for litigation." He said that the severance talks with Stryker were amicable.

He acknowledged, however, that Stryker sales staff had only recently begun their effort and that targets "clearly had not been met."

Haemocell had decided to end the relationship "to make sure that there were no

adverse comments" about SSSO. There was a danger "the product could have been compromised."

As a result of last year's cash call, the company has more than £4.4m in the bank and Mr Wilson said there was no need to ask for more.

He has already begun the search for new distributors and offers so far included one from Stryker's European operation. He said that finding a new distributor for the US, likely to be by far its most important market, would "take weeks or months".

The machine purifies blood lost by a patient during an operation so that it can be reinfused into the body a few minutes later.

The advantage is that the patient receives his or her own blood cutting down the chance of infection from blood contamination with, for example, HIV. Each SSSO costs about £2,000, but a hospital also needs to buy replaceable filters that cost about as much as donated blood.

The heavy capital outlay by comparison with conventional blood transfusion methods has meant that there has been only limited interest from the National Health Service where capital spending is tightly controlled.

Haemocell came to market at 85p in 1992.

NEWS DIGEST

Chieftain in red after write-off

CHIEFTAIN Group, the USM-traded specialist insulation and fireproofing company, incurred an interim loss of £481,000 and yesterday reiterated its forecast of a "small" deficit for the full year.

Mr Peter Wardle, chairman, pointed out that the pre-tax loss for the six months to June 30 was struck after providing an exceptional \$990,000 for two branch closures and write-off of work in progress and debtors following the appointment of receivers at Swan Hunter Shipbuilders, one of the

group's main clients.

The outcome, which compared with profits of £820,000 last time, came on turnover of £7.36m (£7.63m). Mr Wardle said the order book stood at £6.5m at the period-end and had "prospects to substantially improve on this by the end of the year".

Losses per share emerged at 3.76p (earnings of 4.85p); the interim dividend is reduced from 2.1p to 1.5p.

Lazard High Income offer raises £22.7m

Lazard High Income Trust, an investment trust specialising in convertible stocks, has raised £22.7m via an offer for subscription. Together with a bank facility organised with

Midland Bank, the trust will have available £32.4m, before expenses, for investment.

Dealings in the shares are expected to start on August 10.

Restructured Prior in stronger position

Prior, the property trading and investment group that has recently completed a financial restructuring, returned pre-tax profits of £347,000 for the year to March 31.

Directors said the year was devoted to negotiations and reaching agreement with the group's bankers on the capital restructuring. They added that the profit arose from the release of a former provision for a guarantee in respect of a discontinued operation.

In the previous year the group, ultimately owned by Scanfro - a company controlled by the family trust of Mr James Prior - incurred a deficit of £5.18m.

Directors pointed out that the group now had "cash in the bank, a totally unencumbered position with positive cash flow, a profitable business... a nucleus of income producing properties and the possibility of substantial tax losses to be set against future profits".

Malvern UK Index assets edge higher

Malvern UK Index Trust, managed by Edinburgh Fund Managers, had a net asset value per share, excluding retained earnings, of 128.07p at June 30, up

from 123.37p at the trust's December year-end.

Net revenue for the six months amounted to £974,000 (£933,000), equivalent to earnings of 2.01p (2.03p) per share.

The interim dividend is maintained at 1.7p. The directors said that earnings for the full year would be fully distributed; the final is expected to be not less than 2p.

Beales Hunter bears out forecast at £2.2m

Beales Hunter, the refrigeration and electrical components company, reported a pre-tax profit of £2.24m for the year to May 31, bearing out the profits warning made in June.

The company said then that a disappointing second half

meant that the annual profit would not match the previous year's £2.3m. That figure was restated in yesterday's results at £1.86m under FRS 2.

Group sales in the 12 months rose to £47.8m (£41.7m). Earnings per share came to 15.2p (15.6p).

The final dividend is maintained at 8.5p, for a total of 9.4p (9.25p).

Three more outlets for Dixon Motors

Dixon Motors, which joined the USM earlier this year via a reversal into Plateau Mining, has entered into an agreement to lease three motor dealership outlets from Automotive and Finance.

The sites, at Dewsbury,

Goole and Grimsby, will bring the group's dealerships to 11 and its franchisees to 13. In addition, Dixon has secured the Toyota franchise for the Dewsbury marketing territory.

Malaya acquires Colindale Centre

In its third acquisition this year, Malaya Group, the USM-traded motor dealer, has purchased Colindale Centre, a London-based Audi Volkswagen dealership, for £900,000.

For 1992 Colindale incurred a pre-tax deficit of £132,000 after costs of £200,000. Turnover totalled £17.2m. Net assets at June 30 1992 were £509,000.

On completion of the acquisition Colindale will enter a lease agreement with the ven-

dor, Stally Automotive, for the property occupied by Colindale for a 25-year period at a rent of £150,000 a year.

EFT forms new contract hire division

EFT, the asset finance group, is acquiring All Truck, a Midlands-based truck hire operator, to form a new contract hire division which will trade as Alltruck.

EFT has subscribed £500,000 in Alltruck by way of new capital and loan. The remaining 20 per cent has been subscribed in capital and loan by the new management. Total cash consideration will amount to 12 per cent of EFT's certified net asset value at August 3 1992, estimated to be £200,000.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue

\$600,000,000



ADT Operations, Inc.

\$250,000,000 8¼% Senior Notes due 2000

Guaranteed on a Senior Basis by

ADT Limited and certain subsidiaries of
ADT Operations, Inc.

\$350,000,000 9¼% Senior Subordinated Notes due 2003

Guaranteed on a Senior Subordinated Basis by

ADT Limited

Merrill Lynch & Co.

The First Boston Corporation

All of these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

August 5, 1993

18,000,000 Shares



ADT Limited

Common Stock

These securities were offered internationally and in the United States.

International Offering
2,700,000 Shares

Credit Suisse First Boston Limited

Merrill Lynch International Limited

Credit Lyonnais Securities

Dresdner Bank

ScotiaMcLeod Inc.

UBS Limited

United States Offering
15,300,000 Shares

The First Boston Corporation

Merrill Lynch & Co.

Lehman Brothers

Nomura Securities International, Inc.

Oppenheimer & Co., Inc.

S.G. Warburg & Co. Inc.

Dean Witter Reynolds Inc.

Dominick & Dominick

Foley Mufson Howe & Company

Gordon Capital Inc.

Interstate/Johnson Lane

Janney Montgomery Scott Inc.

Monness, Crespi, Hardt & Co., Inc.

Wheat First Butcher & Singer

A battle over computer data security standards has erupted in the US, with private industry and the government at odds over the most effective way to protect information that flows through large networks of computers.

A group of companies led by Novell, the network software company, is attempting to set a new data security standard, while the US government is getting little industry support for its "Clipper chip" proposal for voice and data security, which was introduced in April.

The key to protecting computer networks from unauthorised access by computer hackers and spies lies in the use of data encryption technologies. Encryption also offers individuals much-needed data privacy that can protect their electronic communications and their bank accounts.

Novell says its proposal is based on a more sophisticated data encryption technology than the government's Clipper system, and is better suited to computer networks.

The company has formed a coalition consisting of 22 users and vendors to define a reliable data security system. Coalition members include Brian Gladman, senior procurement manager at the UK Ministry of Defence, and Herman Roos, a partner at accountants KPMG Peat Marwick in the Netherlands.

The government's Clipper technology is based on a secret encryption method developed by the National Security Agency and adopted by the National Institute of Standards and Technology (NIST). But there is concern within industry that the Clipper encryption technology has a secret "trapdoor" that would allow the NSA to decipher messages. The NSA denies that the trapdoor exists but will not reveal the Clipper encryption algorithm.

In June more than 50 organisations united to criticise the government's endorsement of Clipper. Members of that group included AT&T, IBM, Apple Computer, MCI and public interest groups Computer Professionals for Social Responsibility (CPSR) and the Electronic Frontier Foundation (EFF).

CPSR and the EFF say that allowing law enforcement agencies to snoop on communications violates individual privacy rights. And they complain that keeping the encryption method secret could leave systems open to attack by computer hackers who might stumble upon a way to crack the encryption algorithm.

Communications companies also say that Clipper is too slow. "We need a data security system that can keep up with high-speed networks," says Charles Hart, president of Semaphore Communications, a data security company based in Aptos, California.

US computer companies are at odds with the government over data security plans, writes Tom Foremski

Software's secret war

OH-OH! LOOKS LIKE THEY'VE REALISED WE CRACKED THEIR DATA SECURITY SYSTEM



Novell proposes using a system based on the IBM-developed Data Encryption Standard (DES) and the Rivest-Shamir-Adleman (RSA) encryption method, considered almost unbreakable.

The RSA encryption method relies on the product of two large

licensees the RSA encryption technology, claims it would take supercomputers running for hundreds of years to decode encrypted messages.

Glenn Hyatt, head of data security consultants HighGate Solutions in Wilmington, Delaware, says:

'The government says Clipper's use will be voluntary, but if the FBI succeeds with its bill it could make Clipper's use mandatory'

prime numbers and the use of keys - special numbers to encode and decipher messages. Users have a public and private key. To send a message, the file is encrypted with the sender's private key and the recipient's public key. Only the intended recipient can decode the message.

RSA Data Security, which

"There is an important need among large corporations for a reliable data security model. Novell is the right company to co-ordinate this since their software is a de facto standard in networks."

Despite the protests the US government is expected to press ahead with Clipper after the proposal's review period ends in October.

Officials at the NSA and NIST insist that while Clipper is likely to become a government standard its use by the private sector will be voluntary. However, US government procurement effectively sets standards that private industry - especially those companies that do business with the government - will be forced to follow.

Even as a standard for government computing, Clipper sets a dangerous precedent, warns Marc Rotenberg, director of the Washington office of the CPFR. "We believe that privacy protection is important for building a national communications infrastructure and Clipper does not provide that privacy."

Rotenberg is also suspicious that new laws could force private companies and individuals to provide a way for the Federal Bureau of Investigation to tap into encrypted communications systems. The FBI has been trying to gain support in Congress for the passage of the digital telephony bill, which will force companies producing communications equipment to give easy access to FBI wire-taps.

"The government says that Clipper's use will be voluntary, but if the FBI succeeds with its digital telephony bill it could make Clipper's use mandatory," Rotenberg says.

The FBI claims that criminals using encryption technologies make it impossible for the bureau to conduct wire-taps. However, the CPFR says the agency has not yet shown that a single investigation has been hampered through criminals using encrypted communications.

The computer industry fears that such initiatives will force companies to adopt weaker data security measures than those available to foreign competitors.

While US companies are permitted to use whatever encryption technology they want, there are restrictions on the export of computer products.

"For every export order, we have to obtain special permission from the Department of Commerce," says Bill Ferguson, vice-president of sales and marketing at Semaphore. "This paperwork takes about two months to complete, even to countries in western Europe. Our competitors abroad don't have these restrictions."

The Software Publishers Association, which represents more than 1,000 US software companies, has also complained to the government that export controls on software containing encryption features are harming the software industry.

At a hearing organised in early June by the NIST, the association's general counsel, Liane Rosenthal, testified: "Unilateral US export controls do not make any sense given the widespread legal availability of foreign encryption programs."

Digital assistant is of limited help

Apple's MessagePad is a revolutionary computer but could struggle to find a useful role, says Louise Kehoe

Apple Computer's Newton MessagePad "personal digital assistant" finally made its official debut this week, more than a year after John Sculley, the company's chairman, began promoting the device as the focal point for the convergence of computer, communications and consumer electronics technology.

"We believe that Newton will be seen as the defining technology of the digital age," Sculley said at the launch of the computer in Boston. He predicted a technology revolution in the 1990s that would overshadow the personal computer revolution of the 1980s.

With such a build-up it is perhaps inevitable that the Newton MessagePad will fall short of expectations, even though it is an innovative device that brings a whole new meaning to the term personal computing.

A 1lb-tablet, about the size of a video cassette, the MessagePad is operated with a pen stylus, which can be used to jot notes on a three-inch by four-inch screen or to point to icons representing specific functions.

What sets the Newton apart from other hand-held or even desktop personal computers is its ability to learn a user's work habits. From the style of their handwriting to the format they like to use for business letters, their favourite lunch spot and most frequently called clients or colleagues, the MessagePad learns, over time, to adapt to its user's preferences.

Where the computer disappoints, however, is in its communications capabilities. Originally billed as a wireless personal communicator, the basic model of the MessagePad lacks even a built-in modem. Wireless communications capabilities are limited to short-range transmissions using infra-red beams. Pointed towards another MessagePad up to about three feet away, the device can send or receive messages. A suitably equipped Apple Macintosh or other PC can also exchange data with a Newton.

Apple executives suggest that such transmissions may be a good way to swap business card information with other Newton users electronically, or silently exchange thoughts with a business colleague during a meeting.

Yet this seems to be a technology that is searching for a useful application. Wireless paging and messaging services will be available for US users of the MessagePad soon, Apple promises. With the addition of a plug-in device offered by Motorola, the MessagePad will act as a pocket pager, albeit a more bulky one than the matchbox-sized devices that many

depending on configuration.

As with any new computer, the availability of applications software will be critical to the value of the MessagePad. Despite widespread activity among independent software developers the must-have application for the Newton has yet to emerge. Programs announced this week range from specialised systems for estate agents to titles for sports enthusiasts.

Apple has announced six of its own software titles for Newton, including interactive maps of US cities, a reference guide to the Fortune 500, the business magazine's league table of the largest US companies, and games. Most would be better suited to larger-screen laptop computers.

Who will buy the Newton MessagePad? Apple is initially targeting technology enthusiasts as well as corporate buyers who could use the device as part of their information technology systems. Coca-Cola, Monsanto and American Express are among early customers, Apple says. However, market analysts do not expect the MessagePad to be a big seller. Sales projections range from \$50m to \$300m over the next 12 months.

Whether or not the Newton is a hit, it has defined a new product category in the personal computing field. Already Apple is hinting at improvements to come in later versions. And, in a break with its usual practice, the company is licensing its Newton technology to other companies. Current licensees include Sharp and Matsushita Electric of Japan, and Motorola of the US.

Sharp, which is manufacturing the MessagePad for Apple, also introduced its own very similar "Expert Pad" this week. Raim, a US telecommunications equipment subsidiary of Siemens, will be incorporating Newton technology into a new product called the NotePhone.

Eventually, Newton technology may indeed "change the world" as Apple predicts, but it is unlikely to be an immediate success.



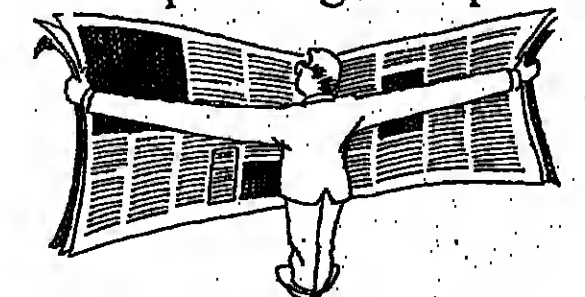
business people wear on their belts.

With the addition of another plug-in module, the MessagePad can send - but not receive - facsimile messages when plugged into a telephone line. Newton will also have its own international electronic mail system, at "a later date". NewtonMail will be a subscriber-based, "cost-effective" service, Apple says.

Eventually, the service will be expanded to offer information services such as news, weather and financial data, although it is hard to imagine that such data could be displayed to advantage on the MessagePad's tiny screen.

The MessagePad will be available throughout the US over the next few weeks and from next month in the UK. Non-English versions will follow next year, Apple says. Prices have not been fixed but Apple expects it to sell in the US for \$699-\$949 (£469-£636).

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FT PROFILE
BUSINESS INFORMATION
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REPUBLIC OF PARAGUAY MINISTRY OF PUBLIC WORKS AND COMMUNICATIONS UNDER SECRETARIAT OF PUBLIC WORKS AND COMMUNICATIONS DEPARTMENT OF COUNTRY ROADS NATIONAL COUNTRY ROAD PROGRAM, FIRST STAGE LOAN AGREEMENTS Nos. 7440C-PR AND 7450C-PR PREQUALIFICATION OF CONTRACTOR COMPANIES

The Ministry of Public Works and Communications of the Republic of Paraguay invites Contractor Firms or Consortia of Contractor Firms of the Inter American Development Bank (IDB) countries that specialize in Road Construction Work to present prequalification proposals relating to the hiring of contractor Firms or Consortia of Contractor Firms to carry out the work of Reconstruction and Improvement of country roads included in the subject Project, to be financed partially by the Inter American Development Bank through Loan Agreements Nos. 7440C-PR and 7450C-PR.

Therefore, financing of the Works are subject to the conditions of the said Agreements.

The Program comprises the improvement and construction of approximately 900 kilometres of roads consisting, in summary, of the construction of:

- Embankments
- Gravel Surfacing of roadway
- Wooden bridges
- Reinforced concrete tube culverts
- Vertical road signs
- Tinting
- Surfacing of road drains and energy dissipaters.

In order to qualify, the Firms or Consortia of Firms must obtain a minimum of 75 points out of a possible total of 100. Details of the qualification system are set forth in the Specification of Bases and Conditions.

It is expected that the first bid, for Sub-projects Concepcion and Inguap (C29 Km.), will be called during the second semester of 1993, and work expected to commence in the first semester of 1994, with an estimated term of completion of 24 months.

Bids for the rest of the work will be called during the second semester of 1994, estimating that construction will commence in the second semester of the said year and with an estimated term of completion of 24 months.

The Specification of Bases and Conditions may be obtained from the Administrative and Accounting Unit of the Country Road Department located at Oliva and Alberdi streets, MOPC Building, 2nd Floor, Asuncion, Paraguay, by formal application and payment of (Gs. 100,000) One Hundred Thousand Guaranis to be deposited in Account No. 490 "Ceros Recusados", at the Central Bank of Paraguay, from July 31 of the current year.

Proposals shall be received at the Secretariat Section of the Country Road Department up to 10:00 hours of September 22, 1993, at the above mentioned Department.

I, the undersigned, a sworn Public Translator, duly registered at the Supreme Court of Paraguay and at the Consulate of the United States of America in Paraguay, do attest that this is a true and exact translation of a document written in Spanish that I had in hand and to which I refer. Signed and sealed at Asuncion, capital of the Republic of Paraguay on this 26th day of July 1993.

LEGAL NOTICES

TENDCLASS LIMITED (IN ADMINISTRATION)
MAXWELL FINANCIAL SERVICES LIMITED (IN ADMINISTRATION)
NOTICE TO CREDITORS

On 19th March 1992, Tendclass Limited ("Tendclass") went into administration. On 12th February 1993, Maxwell Financial Services Limited ("MFS") also went into administration. Both companies are wholly-owned subsidiaries of Maxwell Communication Corporation plc (in Administration).

By a Court Order dated 27th July 1993, we, the administrators of Tendclass and MFS, were authorised to proceed with the production and implementation of schemes of arrangement under section 425 of the Companies Act 1985 (the "Schemes") between Tendclass and MFS and their respective creditors. The purpose of the Schemes will be to enable us to make distributions to creditors. Whilst the Schemes are being prepared, we have been authorised to advertise for creditors and to agree claims.

Any person claiming to be a creditor of either Tendclass or MFS should contact us as soon as possible and, in any event, by 30th September 1993 at Price Waterhouse (ref. JGP), No. 1 London Bridge, London SE1 9QL (tel. no. 071 939 5023).

Dated 5th August 1993

Andrew Mark Homan

Jonathan Gray Anthony Phillips

Colin Graham Bird

Alan Rae David Jamieson

Administrators of Tendclass Limited

Andrew Mark Homan

Jonathan Gray Anthony Phillips

Alan Rae David Jamieson

Administrators of MFS Limited

BANCO di NAPOLI

The total assets of Banco di Napoli exceeded Lit. 110,000

billion in 1992. In the course of the year the Bank opened

110 new branches, thereby achieving its objective of 750

branches in Italy. The strength of the Bank's balance sheet

and the extension of its branch network enable it to meet

the European challenge with confidence. Banco di Napoli

also has many other branches throughout the world in

order to maintain ever closer contact with its customers.

ACCOUNTS 1992

HIGHLIGHTS OF THE ANNUAL ACCOUNTS FOR 1992 (IN BILLIONS OF ITALIAN LIRE)

		Percentage change 92/91
Total assets	111,568	+15.4
Loans and advances	76,484	+20.0
Deposits and borrowed funds	91,690	+19.3
Capital and reserves	4,436	+2.5
Net profit	213	+19.9
Gross income	2,869	+13.2
Gross profit	954	+11.3
Depreciation and provisions	741	+9.1

BANCO di NAPOLI

HEAD OFFICE: VIA TOLEDO 177, 80132 NAPLES - 750 BRANCHES IN ITALY. ABROAD: BRANCHES IN NEW YORK, FRANKFURT, MADRID, BARCELONA, THE CAYMAN ISLANDS, LONDON, HONG KONG AND PARIS - SUBSIDIARY COMPANIES IN LUXEMBOURG (BANCO DI NAPOLI INTERNATIONAL) AND THE USA (BON COMMERCIAL PAPER) - REPRESENTATIVE OFFICES IN BRUSSELS, LOS ANGELES AND MOSCOW.

COMMODITIES AND AGRICULTURE

Coffee futures
rise as frost is
forecast in Brazil

By Alison Maitland

THE LONDON coffee futures market reached higher levels yesterday, driven by reports of a cold front heading towards southern crop-growing areas of Brazil, the world's largest producer.

Prices for robusta coffee futures, which had hit 21-year highs on Monday, moved quickly into still higher ground. The November contract peaked at \$1.138 a tonne in the morning, the highest level since trading in the dollar contract began in March 1991.

"It shows you what a real frost scare can do," said one analyst. "This is the biggest one we've seen in the past three to four years."

London initially followed an overnight rise in arabica futures in New York but eased back to close at \$1.125 a tonne, up \$38. New York's December arabica contract reached \$2.70 cents a lb yesterday before dropping to 80.70 cents, down 1.00 in late trading.

Traders focused on a report from the National Meteorological Institute in Brasilia that

frost was expected to affect Parana and Sao Paulo states early next week.

Parana accounts for under 10 per cent of the country's coffee and Sao Paulo some 15 per cent. The meteorologists told Reuters news agency it was doubtful the cold would spread to the main coffee-growing areas of Minas Gerais state, which, according to researchers at London broker E.O. & F. Man, is expected to produce 10.5m of Brazil's forecast 22m bags this year.

A slight frost hit parts of Parana last weekend, but damage to coffee trees appeared to have been limited although the market is still awaiting details.

Buying interest from roasters was reported, as the coffee trade took increasingly seriously the possibility that from October 1, when Latin American producers are due to start retaining as much as 20 per cent of their exports.

Prices were partly self-fueled, as market-makers covered positions as the August 17 expiry of September call (buying) options approached.

Franc rally averts 'green' currency realignment

By David Dodwell, World Trade Editor

A RALLY in the value of the French franc yesterday averted the widely-expected need for immediate realignment of the "green" currency rates used to translate the European Community's guaranteed farm prices into national currencies.

But farm trade experts warned that the past week's upheavals in the Exchange Rate Mechanism could give a new lease of life to the green currency system. "That's bad news for European agriculture reform," one said.

Experts were tentative yesterday about the likely implications for farm trade of the speculative assault on the ERM over the past week. Much will depend on whether Monday's decision by European Commu-

nity finance ministers to widen the fluctuation bands of all member currencies to 15 per cent succeeds in restoring currency stability.

Signs were more encouraging last night than at any point in the past week as weaker ERM currencies made a sharp recovery as profit-taking on short positions lifted the French franc against the D-Mark. "Trading risks have increased since the ERM collapsed but there's no reason to believe that the green currency rules," said one EC official.

Grain trading in Europe was paralysed at one stage this week because of uncertainty about farm prices. This will be one of the main items of a special meeting of European commissioners tomorrow.

The impact on the EC budget is expected to be minimal,

though national governments may face higher budget costs in their national currencies as their contributions - denominated in Ecu - rise in line with any devaluation.

For UK farmers, it may spell the end of what one British farm spokesman called a "golden period". Since the devaluation of sterling on September 16 last year, support prices to farmers have risen by about 20 per cent in sterling terms, and enhanced competitiveness against farmers elsewhere in Europe has produced significant, but so far unquantified, export gains - particularly for sheep meat.

The procedures for adjusting green prices in line with currency fluctuations are likely to be more complex to manage. But EC officials said there was no reason to believe the system

put in place in January last year to deal with the EC's five "floating currencies" - sterling, the peseta, the escudo, the drachma and the lira - could not work now it applied to all 12 EC currencies.

Adjustments will be made whenever needed in response to several triggers: Under a "ten day rule", under which each month is divided into three 10 day periods, any currency shift greater than 2 per cent from the central ERM rate during the last period of the month would result in the gap that opened up having to be halved.

In parallel, any gap of more than 4 per cent appearing in a 10 day period between any two individual currencies would also trigger adjustment by one or both currencies. Under a "three-day rule",

any gap of 6 per cent or more appearing over a three-day period would trigger action to close the gap on the fourth day. Yesterday was the first occasion on which a revision might have been needed under this rule, but as the franc rallied, gaps closed to less than 6 per cent. This rule applies on a rolling basis, so fluctuations will be calculated daily and adjustments made as needed.

At a national level, farm trade analysts predicted that French farm and food products would be likely to gain a competitive advantage on the German market as a result of any depreciation of the franc against the mark. Last year, Germany was France's main farm product and food market, importing Fr32.7bn worth of goods. Italy was just behind at Fr30.4bn.

Significant
diamond
drill for
Kennecott

By Bernard Shanon in Toronto

TWO JOINT ventures headed by Kennecott, US subsidiary of the UK's R12 mining group, have reported exciting drilling results at diamond properties in Canada's Northwest Territories.

Mr Chris Jennings, president of SouthernKra Resources, one of Kennecott's partners, said yesterday that the results from four kilometre pipes were "equivalent to or even much better than many producing mines".

SouthernKra and the other joint partners hope Kennecott will help finance a bulk sampling programme, which would involve the extraction of at least 5,000 tonnes of ore from the claim sites. A SouthernKra official said the programme would cost about \$25m (\$2.5m).

The latest drilling results cover two claim blocks known as DHE and W/O, located south-west of the Lac de Gras area, where another consortium led by Australia's BHP has reported a significant diamond discovery.

One drill hole on the W/O block produced 42 macro-diamonds and 124 micro-diamonds from a sample of 125.3kg of ore. All the macro-diamonds are bigger than 0.5mm in diameter.

The Kennecott and BHP groups are among 12 large numbers of companies that have staked claims across a vast area of the Northwest Territories in the hope of a large diamond find. De Beers, the South African group, also has interests in the area but has not disclosed the results of its work or its intentions.

Mine output fall clouds value of eastern Germany's Laubag

By Judy Dempsey in Berlin

THE MARKET value of Laubag, eastern Germany's largest lignite or brown coal fields, will be influenced by the continuing fall in mining production in the region, energy experts said yesterday.

Mining output in eastern Germany, including potash, fell by 9 per cent in May, com-

pared with the previous month, and by 15 per cent for April and May, compared to the same period in 1992.

These figures, released earlier this week by the federal energy ministry, suggested the fall in energy consumption in eastern Germany had not yet bottomed out - energy consumption in eastern Germany fell 12 per cent in 1990 and a

further 26 per cent in 1991.

The decline, caused by the collapse of eastern German industry, which has caused a sharp fall in energy consumption, coincided with efforts by the Treuhänder, the privatisation agency for eastern Germany, to sell Laubag, which is in Brandenburg.

A consortium, headed by Rheinbraun, the brown coal

division of RWE Energie, and which included Preussenelektra and Bayernwerk, west Germany's largest utilities, was negotiating with the Treuhänder to buy the fields.

But the negotiations stalled over the Treuhänder's efforts to secure guaranteed long-term annual coal delivery contracts of 5m tonnes.

Utility officials said yesterday that the consortium

instead wanted short contracts, perhaps only about three years initially, because they have no idea at what volume energy consumption will start increasing in eastern Germany over the next 20 years.

Estimates of the value of Laubag, which has an annual production of 65m-70m tonnes, range from DM1bn-DM2bn.

Confusion over CVRD sale

By Bill Hinchberger in Sao Paulo

INVESTORS APPEAR unimpressed by the most recent volley in what is becoming a Ping-Pong game of official comment on the possible privatisation of Brazilian mining conglomerate Companhia Vale do Rio Doce, the world's highest iron ore exporter.

"There have been lots of rumours about Vale's privatisation, but none of them have been confirmed," said one analyst.

A high ranking official in Brazil's finance ministry stated last week that CVRD, which is 51 per cent government-owned, would be sold before President Collor's term is completed at the end of 1994.

CVRD preferential shares were among the biggest losers on the Sao Paulo Stock Exchange last week, falling by 2.2 per cent - 3.3 per cent in relation to the exchange's Ibovespa index.

The government owns 51 per cent of CVRD's total equity and 66 per cent of its ordinary shares. This allows much greater participation in the management decisions and oversight.

Despite an apparently

unequivocal statement by Mr Clovis Barre Carvalho, executive secretary of the finance ministry, another ministry official said: "The official position should come out at the end of September. The rest is just talk." Other high ranking Brazilian officials have made statements in favour and against CVRD's privatisation in recent weeks. In the meantime the company remains off the formal list of state companies for sale.

Mr Francisco Gros, former Central Bank president, said: "I'm not very encouraged by statements that we're going to sell Vale do Rio Doce. That's for external consumption. We are going to have lots of statements in favour of privatisation that are going to be contradicted by the facts."

The only clear signal on the government's position was made by former finance minister Mr Eliseu Resende, who included CVRD in his personal privatisation plans before being replaced by Mr Fernando Henrique Cardoso in May.

Since March, with speculation of an impending sell off, CVRD shares have gained 30 per cent in dollar terms. Foreign interest, symbolised in a bullish recent report by Lon-

don's Latinvest, appears strong despite constitutional restrictions on majority foreign ownership in Brazilian mining operations.

Mr Anastasio Uvaldo Fernandes Filho, CVRD director, said company executives have set up an internal commission to look at possible privatisation. "We are just being prepared. Nothing is formalised," he stressed.

Mr Juarez Fontana dos Santos, director of development for Paulo Abib Engenharia, a mining consultancy, said opposition to a sell-off is strong in President Franco's mineral rich home state of Minas Gerais.

Mr dos Santos, who favours privatisation, said an outcry is expected from many who question why the majority shareholder should sell a profitable company.

He said the privatisation debate may lead to the dismantling of the company, despite non-mining operations like rail transport and shipping being increasingly important for CVRD's revenues.

"Vale do Rio Doce is competitive precisely because of its synergies," he said. Piecemeal sales of subsidiaries "would cripple the company".

Democrats to delay sale of dairy boosting hormone

By Nancy Dunne in Washington

AMONG THE hundreds of provisions in the Democrat budget plan is a measure promoted by Senator Russell Feingold, a Wisconsin Democrat, to delay the sale of dairy output boosting hormone bovine somatotropin (BST) to US dairy farmers.

The measure would ban the sale of BST for 90 days, if, as expected, the synthetic hor-

mone gets the blessings of the Food and Drug Administration this year.

The entry of BST on the market is expected to cost the US government \$15m in payments to dairy farmers, resulting from an over-supply of milk.

An aide to the senator said the US Agriculture Department would during the 90-day ban, conduct a study about the economic effects of BST. This would give the senator time to find "a legislative solution".

The BST provision infuriated Senator John Danforth, a Missouri Republican, in whose state is the headquarters of Monsanto, the group which has

spent \$500m developing the product.

"This is a matter of principle in that it conveys such a very loud and clear message to America's scientific community," he said. "What it says to the scientific community is don't invest, don't play by the rules, because in the end the politicians are lurking and the politicians will get you."

Mossgas gets severe evaluation in auditor's report

By Philip Gawith in Johannesburg

MOSSGAS, South Africa's controversial R12bn (£1.7bn) synthetic fuel project, is unlikely to produce any real returns and an estimate of its gas reserves gives it a lifespan of only 10 to 14 years, according to a Deloitte and Touche report, commissioned by Mr Henry Kluever, the auditor general.

Less than two years ago the project's lifespan of Mossgas was put at 25 years. Mossgas has been a bone of contention since the cabinet gave the provisional go-ahead for its construction, near Mossel Bay on the southern Cape

coast, in February 1987. It was a strategic decision that sought to enhance South Africa's liquid fuel self-sufficiency in the face of an oil embargo against the country.

Taxpayers have long resented the costs of a project that has a spectacularly inefficient cost/output ratio compared to industry norms. This latest report is likely to prompt renewed calls for it to be abandoned.

Mr Kluever said he considered the R12bn historical cost of the project, before capitalised interest, to be a sunk cost. The investigation then focused on projected cashflows from 1993.

On a best scenario basis, the

project is expected to be cash positive from 1994 until further capital expenditure is required around the turn of the century.

The estimate assumes the project will receive its revenue on an import parity basis, not the export parity basis it is currently receiving.

The import parity price, received by Sasol, the other synthetic fuel producer in South Africa, is the base price at which fuel in the country is sold.

The export parity price, which is about 8-10 cents a litre less, is the price the local oil industry receives for its exported product.

Mossgas had always assumed its product would be

priced on the same basis as Sasol's, but this is being resisted by local oil companies, who wish to renegotiate the terms on which they take products from the synthetic producers.

The report concluded that if the sunk costs were excluded from an analysis, Mossgas had a future as an import parity backstop. It added that the project was sensitive to relatively small external changes, such as the price received for its product determining overall revenue.

Mr Kluever said that Mossgas's potential had in fact deteriorated since last being discussed by the parliamentary joint committee on public

accounts in December 1991.

Based on the best estimate scenario "it is unlikely that Mossgas will be able to fully service and repay the Central Energy Fund's foreign commercial commitments relating to Mossgas".

In spite of the report's damning conclusions, Mr Kluever said economic viability of the project should continue given other social and economic benefits that attach to its operation.

These include savings of foreign exchange, job creation and general stimulation of economic activity. The public accounts committee was to discuss Mossgas's position later this week.

WORLD COMMODITIES PRICES

MARKET REPORT

THE GOLD price scrambled back above \$400 a troy ounce yesterday afternoon as renewed speculative buying in the US partially countered heavy sales in the morning, attributed to producers, professionals and the Chinese central bank. At the London close the price, which had dipped to \$399, was quoted at \$401.50 a troy ounce. The PLATINUM market remained firm throughout the day, supported by news that wage talks at South Africa's Impala mine were going to mediation. At London's afternoon fix the price reached a 31-month high of \$419 an ounce, up \$1.60. London Metal Exchange

London Markets

SPOT MARKETS

Commodity	Price	Change
Crude oil (per barrel FOB/Dec)	21.57-21.61	+0.21
Brent Blend (std)	16.84-16.86	+0.11
Brent Blend (std)	16.74-16.76	+0.15
WTI (1st oil)	17.07-17.09	+0.06

Oil products

Commodity	Price	Change
Crude oil (per barrel FOB/Dec)	21.57-21.61	+0.21
Brent Blend (std)	16.84-16.86	+0.11
Brent Blend (std)	16.74-16.76	+0.15
WTI (1st oil)	17.07-17.09	+0.06

Gold (US \$ per troy oz)

Commodity	Price	Change
Gold (US \$ per troy oz)	401.50	+2.15
Gold (US \$ per troy oz)	401.50	+2.15
Gold (US \$ per troy oz)	401.50	+2.15

Copper (US \$ per lb)

Commodity	Price	Change
Copper (US \$ per lb)	0.1580	+0.0010
Copper (US \$ per lb)	0.1580	+0.0010
Copper (US \$ per lb)	0.1580	+0.0010

Lead (US \$ per lb)

Commodity	Price	Change
Lead (US \$ per lb)	0.1580	+0.0010
Lead (US \$ per lb)	0.1580	+0.0010
Lead (US \$ per lb)	0.1580	+0.0010

Zinc (US \$ per lb)

Commodity	Price	Change
Zinc (US \$ per lb)	0.1580	+0.0010
Zinc (US \$ per lb)	0.1580	+0.0010
Zinc (US \$ per lb)	0.1580	+0.0010

Aluminum (US \$ per lb)

Commodity	Price	Change
Aluminum (US \$ per lb)	0.1580	+0.0010
Aluminum (US \$ per lb)	0.1580	+0.0010
Aluminum (US \$ per lb)	0.1580	+0.0010

Nickel (US \$ per lb)

Commodity	Price	Change
Nickel (US \$ per lb)	0.1580	+0.0010
Nickel (US \$ per lb)	0.1580	+0.0010
Nickel (US \$ per lb)	0.1580	+0.0010

Iron ore (US \$ per tonne)

Commodity	Price	Change
Iron ore (US \$ per tonne)	0.1580	+0.0010
Iron ore (US \$ per tonne)	0.1580	+0.0010
Iron ore (US \$ per tonne)	0.1580	+0.0010

Wool (US \$ per lb)

Commodity	Price	Change
Wool (US \$ per lb)	0.1580	+0.0010
Wool (US \$ per lb)	0.1580	+0.0010
Wool (US \$ per lb)	0.1580	+0.0010

COCOA - LGE

Commodity	Price	Change
Cocoa (LGE)	150.00	+1.00
Cocoa (LGE)	150.00	+1.00
Cocoa (LGE)	150.00	+1.00

COFFEE - LGE

Commodity	Price	Change
Coffee (LGE)	150.00	+1.00
Coffee (LGE)	150.00	+1.00
Coffee (LGE)	150.00	+1.00

SUGAR - LGE

Commodity	Price	Change
Sugar (LGE)	150.00	+1.00
Sugar (LGE)	150.00	+1.00
Sugar (LGE)	150.00	+1.00

GAS OIL - LGE

Commodity	Price	Change
Gas oil (LGE)	150.00	+1.00
Gas oil (LGE)	150.00	+1.00
Gas oil (LGE)	150.00	+1.00

LONDON METAL EXCHANGE

Commodity	Price	Change
Aluminum (LME)	150.00	+1.00
Aluminum (LME)	150.00	+1.00
Aluminum (LME)	150.00	+1.00

LONDON BULLION MARKET

Commodity	Price	Change
Bullion (LME)	150.00	+1.00
Bullion (LME)	150.00	+1.00
Bullion (LME)	150.00	+1.00

TRADED OPTIONS

Commodity	Price	Change
Options (LME)	150.00	+1.00
Options (LME)	150.00	+1.00
Options (LME)	150.00	+1.00

COTTON

Commodity	Price	Change
Cotton (LME)	150.00	+1.00
Cotton (LME)	150.00	+1.00
Cotton (LME)	150.00	+1.00

HEATING OIL 42,000 US gals

Commodity	Price	Change
Heating oil (LME)	150.00	+1.00
Heating oil (LME)	150.00	+1.00
Heating oil (LME)	150.00	+1.00

COCOA 10 tonnes/tonnes

Commodity	Price	Change
Cocoa (LME)	150.00	+1.00
Cocoa (LME)	150.00	+1.00
Cocoa (LME)	150.00	+1.00

COFFEE 10 tonnes/tonnes

Commodity	Price	Change
Coffee (LME)	150.00	+1.00
Coffee (LME)	150.00	+1.00
Coffee (LME)	150.00	+1.00

SUGAR WORLD 111 112,000 lbs/cwt

Commodity	Price	Change
Sugar (LME)	150.00	+1.00
Sugar (LME)	150.00	+1.00
Sugar (LME)	150.00	+1.00

COTTON 50,000 lbs/cwt

Commodity	Price
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Losses cut back towards the close

By Terry Byland,
UK Stock Market Editor

ANOTHER cut in repurchase rates by the Bundesbank stalled nerves in the UK stock market yesterday, but not enough to extend the nine-day bull run in the FT-SE 100 index. After falling sharply in early trading, the index made a strong recovery later to close only 3.7 points off at 3,494.3. London brushed off the fall of 4 Dow points in early trading in New York.

The calmer performance in currency markets following the interest rate move in Germany appeared to underlie the equity market view that, while rates will fall in Europe, the pace of such moves will be kept under control. UK rates may not move until the autumn, say analysts.

Trading volume remained fairly high and the recovery from the early loss of 14.3 on the Footsie featured the index rate-related stocks which have led the latest advance in equities. The FT-SE Mid 250 index continued to power ahead, closing 11 points up at a peak of 3,349.4. Business in non-Footsie stocks further increased, making up about 66 per cent of the day's total.

Retail or consumer volume in equities jumped to £1.7bn on Tuesday and yesterday's season-record business of £38.8m shares compared with just over

800m in the previous session. However, turnover levels were affected yesterday by the completion of the £100m programme enacted on Tuesday by UBS. Traders commented that equity dealing was fairly quiet until UBS began to unravel some of the positions involved in the trading programme.

London-based securities houses remained optimistic

and showed the market with advice as to which stocks to buy for recovery or on which to take profits. The banking sector, sensitive to this week's flow of trading figures from the big names, was encouraged by a substantial increase in first-half profits at Midland Bank, now part of HSBC.

Dealers said there were some signs that US investors might be returning to the pharmaceu-

tical sector which they have been selling so heavily this year. However, yesterday's buyers could not be convincingly tracked down to transatlantic sources - unless they were acting via some Scottish funds.

There was a late run in some oil issues following suggestions from some industry analysts that crude oil prices could respond in third and fourth

quarters of the year to the economic strengthening of the leading industrial nations. The stress fell on some of the oil exploration groups which are seen as leading any rebound, rather than on the blue chip shares which are seen as more closely tied to Wall Street's prospects.

But the evident slackening of strains in the ERM prompted profit-taking in some of the retail and consumer stocks which have been leading the charge in London. Kingfisher, favoured because of its French Darty interests, turned downwards and Marks and Spencer, although the latter continued to attract buy recommendations from sector analysts.

Overall, equity strategists in London remained convinced that "rate cuts favour European equities", to quote Mr John Reynolds at NatWest Securities. He advises remaining overweight in European financial markets, with the UK favoured, together with France and Spain.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume	Change	Day's Range	High	Low	Open	Close
FT-SE 100	2941.3	-3.7	2941.3	2941.3	2941.3	2941.3	2941.3
FT-SE Mid 250	3349.4	+11.0	3349.4	3349.4	3349.4	3349.4	3349.4
FT-SE All-Share	1458.84	-0.09	1458.84	1458.84	1458.84	1458.84	1458.84
FT-SE 100	2941.3	-3.7	2941.3	2941.3	2941.3	2941.3	2941.3
FT-SE Mid 250	3349.4	+11.0	3349.4	3349.4	3349.4	3349.4	3349.4
FT-SE All-Share	1458.84	-0.09	1458.84	1458.84	1458.84	1458.84	1458.84

Realisation also a big rise in debt securities, suggesting that the bank had hedged itself successfully against falling interest rates.

Analysts raised end of year forecasts for HSBC to between £2.4bn and £2.9bn for the year end. Mr John Atkin, banking analyst with UBS, said that, while fundamental doubts over the bank remained, the bank's dealing side had done very well. Although he remained a seller he raised his estimate by £400m to £2.6bn.

Hickson activity

Realisation that one institution had sold a large stake in Hickson International, the specialty chemicals group, came too late to affect the share price significantly, but dealers said some 5 per cent of the company's equity changed hands yesterday.

One institutional fund is believed to have sold its holding and after official dealing ended the SEAQ electronic dealing system showed a large number of block trades carried out at 204p a share and total turnover of 11m shares.

The principal shareholders are Barings, Britannic Assurance, PDM - the UBS fund management arm, and Gartmore. The initial feeling was that PDM had sold its 5.6 per cent holding but the fund said it had not been involved and the finger later pointed to Gartmore which in April was recorded as holding 4.1 per cent of the company. Hickson shares closed a penny lower at 233p.

Hotels optimism

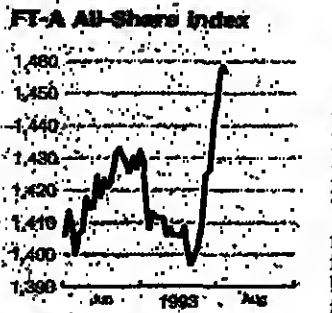
Another busy day's turnover in hotel stocks was testimony to the current debate among market analysts over the timing and rate of recovery in the maligned sector. Kleinwort Benson, in its half-yearly review of the hotel market, published yesterday, said that enthusiasm for recovery prospects was now overriding the suspensions engendered by the suspensions earlier this year of Queens Moat Houses and Resort Hotels.

The securities house raised its forecast of room demand at UK hotels this year to 8 per cent, although it admits that room yield is likely to be flat. However, 1994 will bring room yield and trading profit per room up by 5 per cent, Kleinwort believes.

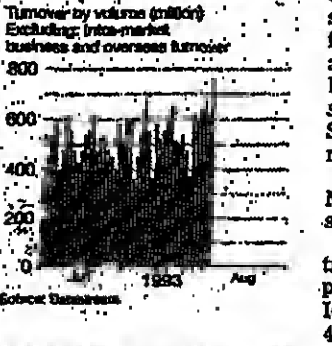
Yesterday, Forte, tipped by a number of brokers as a prime beneficiary of the sector's potential upturn, saw its shares advanced 3p to 216p in a brisk turnover of 3.5m. Last night's share price had been boosted by a high yield in the face of continued talk of UK base rate cuts. Dealers reported switching between the stock and Forte. The shares ended a penny ahead at 189p in a volatile session which saw a hefty 8m traded.

There was also speculation in the market that the financial problems at Queens Moat Houses, Britain's second biggest hotel group whose shares

FT-SE All-Share Index



Equity Shares Traded



MARKET REPORTERS:

Peter John,
Christopher Price,
Zhang Tingting.

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North British, an unquoted company with 600 shareholders, announced in May that it had received a bid approach. However, despite plenty of speculation there have been no further developments. Highland shares advanced 11p to 330p, Grand Met 3p to 410p.

Stores produced another mixed bag, with Boots turning in a strong performance buoyed up by a positive note from Warburton. The shares jumped 15p to 474p in turnover of 4.8m. There was said to be some switching out of Kingfisher, which has recently had a strong run on the back of French rate cut hopes. The shares shed 9p to 373p. Goldman Sachs was rumoured to have moved from a buy to a hold.

Talk of tough trading at Northern Food's agm saw the shares slip 4p to 364p. Second line food retailers tried some catching up. Shorpie Group added 7p to 165p, leading 6p to 226p and Morrison 4p to 140p.

Chemicals group BOC improved ahead of third-quarter results next Tuesday. Hoare Govett is a buyer and forecasts a profit of £260m against £250m for the same period last year. The shares lifted 9p to 69p.

Reed International, whose interests range from legal and business publications to consumer magazines and local and regional newspapers, took up much of the stage in the quiet publishing sector yesterday as the market cautiously awaited the group's interim results.

Due today, Tuesday, will be the first profits reported since the merger with Elsevier at the beginning of the year. Only 620,000 shares were traded with their price advancing 2p to 66p on market expectations of pre-tax profits between £287m and £275m.

Analysts admitted that they were operating in the dark as no comparison could be drawn against previous figures. But the combined group, which still maintains separate stock exchange listings, has strengthened its presence in Europe and increased its stake in such high margin areas as scientific publishing through the merger. Hoare Govett said that the progress of the merger and current trading conditions would prove the keys to movement in the shares today.

United Newspapers, which

has risen for two consecutive trading days, shed 3p to 551p on modest profit taking and realisation that the overall interest rate cuts in Europe might not come as soon as the market has been expecting. News International continued to move up, adding a further 6p to 330p, reflecting the market's confidence in its newly purchased stake in the fast-growing Asia.

In the printing sector, news of orders from the Daily Mirror for new supplements helped Hunterprint Group gain 3p to 45p.

William Baird, the textile group, closed up 3p to 269p.

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FT-SE

FT-SE 100 2941.3 -3.7
FT-SE MID 250 3349.4 +11.0
FT-SE ALL-SHARE 1458.84 -0.09

	Aug 4 change %	Aug 3	Aug 2	Jul 30	Year ago	Dividend yield %	Share price	P/E Ratio	1st adj. yield	Total Return
FT-SE 100	2941.3	-0.1	2945.0	2941.7	2938.5	2382.8	1.30	5.78	21.49	57.86
FT-SE Mid 250	3349.4	+0.3	3336.4	3338.3	3336.5	2287.2	1.81	5.82	21.30	62.68
FT-SE All-Share	1458.84	-0.1	1462.8	1461.7	1461.7	1155.5	1.37	6.23	20.10	64.15
FT-SE 100	2941.3	-0.1	2945.0	2941.7	2938.5	2382.8	1.30	5.78	21.49	57.86
FT-SE Mid 250	3349.4	+0.3	3336.4	3338.3	3336.5	2287.2	1.81	5.82	21.30	62.68
FT-SE All-Share	1458.84	-0.1	1462.8	1461.7	1461.7	1155.5	1.37	6.23	20.10	64.15

1	CAPITAL GROUPS(214)	1052.41	—	1052.92	1051.89	1043.23	726.45	3.78	4.04	32.78	21.41	1233.04	
2	Building Materials(28)	1117.75	—	1117.28	1117.45	1114.18	743.35	4.20	3.47	40.55	21.58	1281.91	
3	Confectionery, Confectionists(28)	970.55	+1.1	969.63	967.15	963.94	950.83	3.39	1.36	80.00	14.23	1340.08	
4	British Airways(1)	3139.79	-0.1	3140.82	3136.71	3073.71	2173.29	4.31	4.70	27.28	57.43	1254.53	
5	Electronics(28)	2862.61	-1.0	2852.42	2850.06	2855.06	1807.45	2.99	5.78	21.32	62.24	1255.31	
6	Engineering-Transport(7)	438.82	-0.4	439.50	436.46	432.16	308.20	3.44	—	—	—	6.51	1400.64
7	Engineering-General(48)	508.65	-0.1	509.06	507.18	504.14	438.99	3.58	5.01	20.80	11.23	1216.23	
8	Metals & Metal Forming(10)	455.89	-0.1	456.32	454.26	450.45	380.61	2.40	—	—	—	6.37	1436.74
9	Motors(20)	441.31	+0.1	440.86	442.10	440.14	316.65	4.64	4.23	33.12	9.33	1208.71	
10	Other Industrials(19)	2187.96	-0.4	2179.22	2175.30	2146.27	1891.08	4.12	5.25	22.75	51.30	1128.36	
11	CONSUMER GROUPS(14)	1641.68	—	1641.75	1641.96	1633.18	1531.36	3.51	6.83	17.79	29.56	953.23	
12	Brewers and Distillers(2)	1895.99	-0.1	1894.20	1897.01	1886.63	1865.67	3.89	8.15	14.82	42.01	823.88	
13	Food Manufacturers(22)	1304.76	-0.2	1307.75	1308.56	1303.98	1189.56	3.30	7.49	15.94	21.47	1003.23	
14	Food Retailing(17)	2865.28	-0.4	2867.80	2868.64	2862.24	2741.15	3.24	4.96	13.85	48.06	903.15	
15	Health & Household(13)	3283.30	-0.2	3280.28	3280.47	3232.44	2788.78	3.78	6.67	17.51	43.19	720.15	
16	Hotels and Leisure(19)	1363.31	+0.3	1358.97	1344.07	1350.22	1069.80	4.32	8.15	20.36	45.61	1100.29	
17	Media(23)	2088.06	—	2087.51	2016.51	2018.60	1444.78	2.58	4.99	24.27	29.91	1127.77	
18	Packaging and Paper(24)	978.86	—	978.73	978.01	972.81	711.17	3.37	5.49	22.44	14.46	1142.22	
19	Services(24)	1719.33	-0.4	1719.33	1718.47	1708.93	887.29	3.58	5.76	22.15	18.30	1063.62	
20	Textiles(20)	815.24	-0.2	815.81	809.47	797.10	618.87	3.75	5.81	21.00	14.90	1012.12	
21	OTHER GROUPS(14)	1542.33	-0.4	1548.08	1547.94	1537.62	1197.58	4.19	7.25	16.67	31.36	1085.62	
22	Business Services(27)	1633.91	-0.8	1621.36	1616.40	1604.12	1227.54	2.82	7.19	15.97	21.29	1087.78	
23	Chemicals(23)	1567.75	+0.6	1558.44	1550.50	1542.18	1233.89	4.19	0.28	—	35.56	1369.68	
24	Companiments(11)	1478.78	+0.8	1458.72	1464.46	1400.71	1211.26	3.78	3.38	15.58	33.14	1088.58	
25	Electricals(11)	1314.66	-0.3	1314.66	1314.66	1294.45	1148.45	3.58	5.45	14.68	21.47	1088.58	
26	Electronics(11)	1638.58	-1.8	1657.70	1647.17	1659.38	1283.70	4.28	12.19	18.21	54.14	1211.07	
27	Telephone Networks(6)	1817.38	-0.3	1822.58	1816.21	1796.43	1371.80	3.72	5.76	21.40	8.22	1082.27	
28	Waters(1)	3565.38	-1.2	3407.00	3425.22	3388.68	2710.46	5.27	13.05	8.45	106.71	1070.92	
29	Manufacturers(2)	2244.55	-1.6	2262.63	2266.90	2288.16	1987.45	4.81	8.21	14.27	76.76	980.21	
30	INDUSTRIAL GROUPS(88)	1475.34	-0.1	1472.33	1477.10	1447.70	1222.03	3.78	6.38	19.18	28.39	1040.72	
31	Drugs & Pharmaceuticals(1)	2536.12	-0.6	2544.39	2529.27	2553.12	1865.67	3.2	5.52	22.95	40.06	1191.00	
32	“SOFT” SHARE INDICES(8)	1688.94	-0.2	1571.78	1575.61	1563.26	1282.72	3.85	6.30	19.53	30.15	1060.60	
33	FINANCIAL GROUPS(1)	1115.44	-0.9	1102.09	1095.46	1087.14	882.38	3.83	3.36	44.04	22.73	1302.99	
34	Insurance(1)	1268.78	-0.9	1265.83	1270.17	1266.80	914.63	4.21	4.01	33.81	30.73	1296.67	
35	Insurance - Life(5)	1928.57	+2.4	1940.49	1939.67	1939.67	1165.67	4.47	4.81	25.15	42.42	1181.32	
36	Insurance - Compensat(7)	734.00	+0.5	730.05	728.58	723.62	453.00	4.24	—	—	15.00	1188.44	
37	Insurance - Broker(10)	947.36	-1.0	938.12	938.08	933.87	757.53	3.82	8.70	26.17	16.62	1249.06	
38	Merchant Banks(8)	736.32	+0.2	751.81	747.42	738.65	427.68	4.28	6.05	20.52	12.33	1253.10	
39	Power(23)	998.10	-0.1	970.45	961.48	980.65	838.98	4.20	4.14	32.12	19.48	1551.13	
40	Telecoms(1)	1455.62	-0.3	1455.62	1455.62	1455.62	1455.62	4.45	4.45	21.91	140.44	1144.44	
41	Investment Trusts(10)	1665.11	-0.2	1660.81	1663.80	1597.38	1085.23	2.55	2.02	49.19	22.90	1220.53	
42	FTSE ALL-SHARE(800)	1458.84	-1.59	1458.01	1457.25	1448.78	1138.86	3.81	5.98	21.91	28.06	1097.21	

INVESTMENT TRUSTS - Cont.

Company	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sharp rise for French franc

THE French franc, Belgian franc and Danish krone all rose sharply against the D-Mark in European trading yesterday as the central banks of all three countries surprised currency dealers by keeping the overnight cost of borrowing very high, writes James Blyth.

The rush out of D-Marks into these other currencies may have been partly due to the Bundesbank's decision to cut its repo rates yesterday and today. But many dealers were clearly taken completely by surprise by the decision of these three countries not to cut interest rates, and, instead, to sustain their currencies and stinging the speculators.

"There are a lot of people here and among our customers who do not know what is going on," said one commercial bank salesman yesterday.

The French franc was up more than 50 cents and 1.1 per cent at one stage, peaking at FF3.4500 to the D-Mark, close to its old exchange rate mechanism floor of FF3.4005.

It later fell back to close at FF3.406, the sharp rise was followed by an overnight lending rate of nearly 12 per cent.

There was little sign of the French authorities restoring

the liquidity to the money market that is needed after the withdrawal of so many French francs last week.

The Belgian franc actually re-entered its old ERM band against the D-Mark, peaking at BF20.78 and closing at BF20.85. The Belgian central bank said it had slashed liquidity levels in its money market and, overnight money was at 15 per cent.

The Danish krone also came close to re-entering its old band, reaching DKR3.8005 to the D-Mark in the US, compared to an old floor of DKR3.8015. The Danish 1-month money rate remained at 25 per cent with the overnight cost of leading a good deal higher.

There was no official statement suggesting there had been any policy co-ordination between these three central banks. But several analysts said that the policies were being co-ordinated with the intention of showing that these currencies

would not diverge too far from their old ERM parities.

Air Christian Duns, an economist at Chemical Bank, also suggested that the central banks were out to teach speculators the lesson that free floating currencies can go up as well as down.

A few dealers said that they had heard of institutions losing money on the speed of the French franc move. One influential head of foreign exchange said net market losses in the last 2 days may have been substantial.

The D-Mark's decline in the ERM helped to push the dollar up in European trading. The US currency gained more than 1.5 pence against the D-Mark to close at DM1.7005. The US currency also edged up against the yen to close at Y104.80 from a previous Y104.40. Sterling also profited in this environment, rising 1.2 pence on the day to close at DM1.5875.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Rate	% Change	% Spread	Volatility
French franc	FF	3.406	-0.15	1.1	1.1
Belgian franc	BF	20.85	-0.05	1.5	1.5
Danish krone	DKR	3.8005	-0.005	1.2	1.2
Italian lira	Lira	1,360	-0.05	1.0	1.0
Spanish peseta	Peseta	166.64	-0.04	1.0	1.0
Portuguese escudo	Escudo	200.48	-0.02	1.0	1.0
Irish punt	Punt	7.8756	-0.0006	1.0	1.0
German D-Mark	DM	1.00	0.00	0.0	0.0

US dollar unit: 1 US dollar = 65.48 French francs, 20.36 Belgian francs, 13.66 Danish kroner, 200.48 Italian lire, 166.64 Spanish pesetas, 200.48 Portuguese escudos, 7.8756 Irish punts, 1.00 German D-Marks.

Estimated volume: 1,000,000,000 FF, 100,000,000 BF, 100,000,000 DKR, 100,000,000 Lira, 100,000,000 Peseta, 100,000,000 Punt, 100,000,000 DM.

Previous day's open: FF 3.406, BF 20.85, DKR 3.8005, Lira 1,360, Peseta 166.64, Punt 7.8756, DM 1.00.

Estimated volume: 1,000,000,000 FF, 100,000,000 BF, 100,000,000 DKR, 100,000,000 Lira, 100,000,000 Peseta, 100,000,000 Punt, 100,000,000 DM.

Previous day's open: FF 3.406, BF 20.85, DKR 3.8005, Lira 1,360, Peseta 166.64, Punt 7.8756, DM 1.00.

Estimated volume: 1,000,000,000 FF, 100,000,000 BF, 100,000,000 DKR, 100,000,000 Lira, 100,000,000 Peseta, 100,000,000 Punt, 100,000,000 DM.

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Estimated volume: 1,000,000,000 FF, 100,000,000 BF, 100,000,000 DKR, 100,000,000 Lira, 100,000,000 Peseta, 100,000,000 Punt, 100,000,000 DM.

Previous day's open: FF 3.406, BF 20.85, DKR 3.8005, Lira 1,360, Peseta 166.64, Punt 7.8756, DM 1.00.

Estimated volume: 1,000,000,000 FF, 100,000,000 BF, 100,000,000 DKR, 100,000,000 Lira, 100,000,000 Peseta, 100,000,000 Punt, 100,000,000 DM.

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FINANCIAL FUTURES AND OPTIONS

LIVE LONG-TERM FUTURES OPTIONS

Strike	Call	Puts	Settlements
100	0.05	0.05	0.05
110	0.10	0.10	0.10
120	0.15	0.15	0.15
130	0.20	0.20	0.20
140	0.25	0.25	0.25
150	0.30	0.30	0.30
160	0.35	0.35	0.35
170	0.40	0.40	0.40
180	0.45	0.45	0.45
190	0.50	0.50	0.50
200	0.55	0.55	0.55

LIVE SHORT-TERM FUTURES OPTIONS

Strike	Call	Puts	Settlements
100	0.05	0.05	0.05
110	0.10	0.10	0.10
120	0.15	0.15	0.15
130	0.20	0.20	0.20
140	0.25	0.25	0.25
150	0.30	0.30	0.30
160	0.35	0.35	0.35
170	0.40	0.40	0.40
180	0.45	0.45	0.45
190	0.50	0.50	0.50
200	0.55	0.55	0.55

LIVE EUROPEAN FUTURES OPTIONS

9425	0.01	0.17	0.79	0.35	
9450	0	0.10	1.03	0.53	0.55
				1170	0.14
				0.82	2.48
					3.57
Estimated volume total, Calls 8234 Puts 2978					
Estimated volume total, Calls 746 Puts 337					
Previous day's open int. Calls 141800 Puts 116300					
Premium day's open int. Calls 24132 Puts 16330					

SWEDEN (continued)			
+ or -	August 4	Kremer	+ or -

CANADA

Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng
TORONTO																	
4 p.m. first August 5																	
Durations in cents unless marked S																	
28911 Alcan P	513 1/2	134	131	-1/2		24 Denison A	52	25	25	-1/2		94789 Loblaw	S	32	22 1/2	22 1/2	
28912 Alcan S	513 1/2	134	131	-1/2		24600 Maple	52	25	25	-1/2		94820 MacKinnon	52	25	25	-1/2	
82300 Air Canada S	340	25	23	-2		116380 Bellco	51	16 1/2	16 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5373 Alcan S	520 1/2	20	20 1/2	+1/2		23520 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
34000 Alcan S	517 1/2	17	17	0		95378 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
39050 Alcan S	517 1/2	17	17	0		15000 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
713875 Alcan S	517 1/2	17	17	0		24600 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
11100 Alcan S	517 1/2	17	17	0		24600 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
47770 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
32052 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
62530 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
47800 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
5885 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
20710 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2		25842 Magna	S	21 1/2	21 1/2	-1/2	
118734 Bell M	514 1/2	26 1/2	27	+1/2		25842 Dom Inc	59 1/2	59 1/2	59 1/2	-1/2							

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4 pm close August 3

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NYSE COMPOSITE PRICES

NASDAQ NATIONAL MARKET

Table with multiple columns listing stock prices, including symbols, prices, and changes. Includes sub-sections like 'Continued from previous page' and 'AMEX COMPOSITE PRICES'.

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Table with multiple columns listing stock prices, including symbols, prices, and changes. Includes sub-sections like 'Continued from previous page' and 'AMEX COMPOSITE PRICES'.

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AMERICA

US stocks cautious awaiting budget vote

Wall Street

US share prices eased slightly in cautious trading yesterday as markets awaited the congressional vote on President Bill Clinton's first budget package, writes Patrick Horsman in New York.

At 1 pm, the Dow Jones Industrial Average was down 4.47 at 3,556.80. The more broadly based Standard & Poor's 500 was 0.53 lower at 448.74, while the Amex composite was 0.83 lower at 436.66, and the Nasdaq composite up 2.37 at 711.35. Trading volume on the NYSE was 136m shares by 1 pm.

Trading was subdued from the start, and stocks struggled to find a direction. All eyes were on Washington DC where President Clinton and his supporters were making final efforts to ensure that his deficit-reduction budget is passed by Congress this week.

The president and leading Democrats have predicted confidently that the budget will be approved, but they expect the vote to be close.

Both stock and bond markets are of the same view, and passage of the budget has been cautiously priced into values.

However, if the budget fails at the final hurdle (and one senior Democrat senator warned yesterday that he still had misgivings about the package), investors fear that bond prices could drop sharply, triggering a major sell-off in the equities markets. It was these fears that were keeping many investors on the sidelines yesterday.

Among individual stocks, Kmart, which has been languishing near its 52-week low recently, climbed 8¢ to \$21.19, in volume of 3m shares after the retailer confirmed reports that it is looking for a buyer for its Pay Less drugstore operation.

Computer stocks were busy: Hewlett-Packard slumped \$3 to \$71.11 in busy trading after the brokerage house Smith Barney Shearson lowered its rating on the stock from "buy" to "neutral". Elsewhere in the sector, however, prices were mostly firmer, with IBM up 8¢ to \$44.14, Motorola 81¢ higher at \$85.17, Digital Equipment up

\$1.14 at \$37.75, and Unisys up 5¢ at \$10.14.

A broker's recommendation lifted Sears, Roebuck 1 1/4% to \$22.14, in volume of 1m shares.

On the Nasdaq market, Clorox fell \$3 to \$65.75, as concerns about the group's recently disappointing earnings continued to plague the stock.

Quadrax Corp fell 1 1/4% to \$24 after the nuclear power plant servicing company announced a second quarter loss of 59 cents a share and said it might sell its environmental unit.

Apple Computer rose 5¢ to \$29.75, as the stock continued to benefit from the company's recently announced price cuts across its products range.

Canada

TORONTO recouped earlier losses to move higher at midday, driven by buoyant metals, transport and forestry shares.

The TSE-300 index rose 8.11 to 3,984.61 in turnover of 23.14m shares valued at C\$281.22m. Advances noted ahead of declines by 271 to 270, with 263 issues steady.

EUROPE

Frankfurt advances to set high for year

SENIOR bourses showed mixed fortunes yesterday, writes Our Markets Staff.

FRANKFURT finished at a year's high, although activity petered out late in the session, and continued through into after-hour trading.

The DAX index, which had earlier reached 1,880.15, ended 17.13 higher at 1,897.56. Turnover was 2,010.0m.

White banks and insurers remained firm favourites, Deutsche up DM12.80 at DM77.80 and Commerzbank adding DM3.50 to DM32.90, analysts at BEF bank in Frankfurt suggested that now is the time to take profits and switch into the construction sector.

They said that construction stocks, which had underperformed the market recently, would benefit from lower interest rates, while improving prospects in east Germany suggested that the slowdown in public construction orders in the west would not hurt earnings too much.

In the sector Bilfinger & Berger was up DM14 at DM91.9, Hochtief DM26 at DM115.5 and Holzmann DM6 at DM96.5.

FT-SE Actuaries Share Indices

		THE EUROPEAN SERIES									
		Open	High	Low	Close	Open	High	Low	Close	Open	High
FT-SE 100	1275.33	1275.33	1274.07	1271.25	1268.68	1269.03	1267.38	1268.09	1268.09	1268.09	1268.09
FT-SE 200	1346.26	1344.19	1345.11	1342.80	1343.87	1342.24	1339.44	1339.61	1339.61	1339.61	1339.61

Now value 1000 (2000) 1000 (2000) 1000 (2000) 1000 (2000) 1000 (2000) 1000 (2000) 1000 (2000) 1000 (2000) 1000 (2000) 1000 (2000) 1000 (2000)

Elsewhere, Volkswagen, which has called an extraordinary meeting tomorrow to discuss its dispute with Opel, firmed DM6 at DM361.50.

PARIS eased further after a day's high of 2,126 in the CAC-40 index, as investors continued to indulge in profit-taking. The index closed off 9.22 at 2,101.36.

However, turnover remained good in the holiday month at FF41.6bn.

Roussel-Uclaf surprised most analysts with better than expected first half results and the shares added FF25 or 4.5 per cent to FF584.

In the opposite direction Rhône-Poulenc lost FF6.00 or 4 per cent to FF153.50 after

at SF1.249 and Winterthur SF17 ahead at 685.

MILAN found continued demand for cement and telecommunications issues which kept the Comit index, up 5.33 at 861.84, at a high for the year.

Intelecom rose L439 to L10,086 and Unicom rose L500 to L8,400 in continued reaction to the government's price liberalisation moves.

Sip gained L94 to L3,184 in very heavy volume of 24.6m shares and Siris was L134 ahead at L9,925 on further US buying and some demand by domestic funds, keen not to miss out.

MADRID fell prey to light profit-taking in response to the weaker dollar and the general index dipped 0.51 to 270.90 in shrinking volume.

Repsol, the oil company, rose Ptas to Ptas505 after announcing a 6.3 per cent rise in group first half after tax profit.

BRUSSELS eased as interest rate uncertainties and profit-taking ahead of today's settlement of the forward market account left the Bel-20 index 11.02 lower at 1,331.44 in heavy turnover of 88.148bn.

Delhaize, the retailer, fell BF736 or 2.7 per cent to BF1,290 in response to a \$16.2m settlement of labour law violations by its US Food Lion unit.

ATHENS succumbed to profit-taking after Tuesday's high for the year and the general index gave up 6.87 to 878.04.

MOSCOW

THE Russian government will sell shares in three state-owned oil-related companies on August 18 in its first public privatisation offer in the oil sector, writes Legia Boulton in Moscow.

Mr Dmitry Skochkov, head of the All-Russian Co-ordination Centre for Foreign Assets, said 0.5 per cent of the shares would be offered to investors to be held collectively around the country.

Subscriptions will remain open for two weeks. Foreigners with Moscow offices will find it easier to buy shares than non-residents as the latter are still not allowed to hold Russian bank accounts and are unable to transfer funds to pay for shares from abroad.

Nafta talks weigh on Mexican equities

MEXICO was weaker at midsession as investors awaited the start of talks in Washington on the North American Free Trade Agreement.

The market index was down 10.16 at 1,766.89. Sentiment was also depressed by a fall in Telefonos de Mexico, the telephone group, down 1 per cent, following a decline in its ADRs in the US.

BRAZILIAN stocks rose 2.5 per cent in early trading on bargain hunting following falls in the last few days. But by midsession the Bovespa index had lost some of its momentum and was up just 0.3 per cent at 62,743 in turnover of Cr\$6m.

The market has been sensitive recently regarding talks between President tamar Franco and congress over wages policy.

However, trading is likely to remain thin ahead of the options and futures market settlements later this month.

ASIA PACIFIC

Nikkei firms ahead of new government taking office

Tokyo

ARBITRAGE activity dominated trading as most investors remained inactive ahead of the swearing in of the new coalition government today, and share prices firmed in tandem with the futures market, writes Emiko Terazono in Tokyo.

The Nikkei average closed 139.91 up at 20,497.55. The index fell to the day's low of 20,298.93 on a decline in the futures prices shortly after the opening, but later rose to a high of 20,667.87 in the afternoon session.

Volume increased to 300m shares from 269m. Arbitrageurs led trading, while some financial institutions were seen shuffling portfolios. Gains led declines by 569 to 397, with 195 issues unchanged. The Topix index of all first section stocks added 14.42 at 1,871.84, and in London the ISE/Nikkei 30 index edged up 0.23 to 1,269.44.

The futures market firmed on hopes of fiscal and monetary support for an early economic recovery. Mr Jason James at James Capel said a more unstable government suggested the higher possibility of income tax cuts, since more elections would increase the importance of the ordinary voter.

Meanwhile, Dai-ichi Mutual Life yesterday released a report assessing the level of shares in cross-shareholdings.

It said that 44 per cent of total listed shares were held by stable shareholders. Taking this figure into account, Dai-ichi reckons that the average price-earnings ratio for Japanese shares averages around 17 per cent.

Banks gained on hopes of lower interest rates. Industrial Bank of Japan advanced ¥100 to ¥3,490 and Dai-ichi Kangyo Bank ¥50 to ¥2,440.

Mitsubishi Kasei, a chemical maker, climbed ¥19 to ¥520 following reports that the company had discovered an enzyme which causes Alzheimer's disease. Nikken Chemical, an affiliate of Mitsubishi Kasei, moved up ¥10 to ¥1,230.

HOANG KONG lost ground on a late round of selling. The Hang Seng Index retreated 47.43 to 7,184.20 in turnover of HK\$4.12bn.

HSBC Holdings, the most active stock in turnover of HK\$315.6m, was finally unchanged at HK\$76.

SINGAPORE was active in property stocks, with that sector's index rising by 2.3 per cent. The Straits Times Industrial index moved forward 14.50 to 1,859.08.

Shipyard issues also performed well, on a sector upgrade by some brokers.

AUSTRALIA recovered earlier losses and the All Ordinaries Index was eventually 5.8 ahead at 1,861.2 in turnover of A\$151m. The focus was on miner CRA, 32 cents higher at A\$14.41.

est banking group, gained 70 cents at \$184.20, while Genting, the gaming and resorts group, added M\$1.60 at M\$22.

TAIWAN saw strong buying interest in paper shares push the weighted index above the 4,000 level, finishing 96.93 higher at 4,046.21. Turnover was TS\$18.16bn.

NEW ZEALAND featured Telecom as the market built on recent gains and established yet another three-year high. The NZSE-40 capital index put on 30.82 at 1,357.52. Telecom rose 11 cents to NZ\$3.78, Fletcher Challenge improved 7 cents to NZ\$2.99 and Carter Holt Harvey added 6 cents to NZ\$3.21.

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Foreign investors take another look at Bombay

Michael Morgan assesses the performance of the world's emerging markets last week

A resurgence of investor enthusiasm in Bombay, after Mr Narasimha Rao, the prime minister, unexpectedly survived last week's confidence vote, took the market sharply ahead and contributed to a 1.9 per cent advance in dollar terms in the Asian regional index of emerging markets.

The data, supplied by the IFC, part of the World Bank, also shows that Thailand and Manila rose strongly over the week, while Venezuela was firmly down.

The broadly-based National market index has almost halved in value over the last 15 months amid political worries and the continuing repercussions of the 1992 Mehta banking scandal. In spite of last week's gain it remains some 15 per cent down in dollar terms on the year so far.

Overseas interest has grown steadily since the market was opened to foreign investors last October, largely from new investment funds which have overcome stringent government restrictions on investments by outsiders. The latest of three to be launched in the last two months has raised \$100m, mostly from UK investors. Economic growth is at 4 1/2 per cent this year, inflation having been halved over the last two years to 6 per cent, and there is a more liberal political regime since the collapse of the Soviet Union, with which the Indian government had maintained ties.

Mr Spence notes that the market, which trades on a p/e of around 22 times prospective earnings, is still expensive by international standards, but he says that much of foreign interest is confined to medium-sized companies with a p/e of around 10 times.

Bangkok rose as individual investors, comprising the

majority of the market's trade, decided that the charts looked positive. Construction, banking and finance stocks were actively bought.

Analysts say the economy has been underpinned by falling interest rates, and while investors are resigned to lower corporate profits this year, they are looking for an improvement in 1994.

Manila was also firm, the composite stock index climbing to a succession of record highs. Mr Anton Periquet of Asia Equity in London comments that market sentiment has improved in recent weeks, as expectations have grown of an earnings recovery now that power shortages, which have beset the country in recent months, appear to have been resolved. The market has also taken a lead from strong demand by UK investors for PLDT shares traded in the US.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

		Dollar terms		Local currency terms	
		Jul 30 1993	% Change over week on Dec '92	Jul 30 1993	% Change over week on Dec '92
Market	No. of stocks				
Latin America					
Argentina	(11)	607.58	+0.2	372,825.66	+0.2
Brazil	(44)	187.06	-0.7	18,196,130.19	+5.7
Chile	(20)	419.53	+0.2	625.46	+0.2
Colombia	(8)	407.89	+2.5	579.38	+2.9
Mexico	(59)	672.13	+1.7	903.93	+1.7
Venezuela	(8)	564.65	-5.6	1,177.59	-5.1
East Asia					
South Korea	(130)	98.18	-1.6	104.09	-1.8
Philippines	(11)	163.21	+3.1	218.04	+1.2
Taiwan, China	(76)	82.66	-1.7	82.76	-1.0
Southeast Asia					
India	(61)	79.72	+8.7	88.16	+8.7
Indonesia	(31)	79.57	+0.6	90.32	+0.6
Malaysia	(61)	213.27	+1.3	201.86	+1.3
Pakistan	(8)	228.92	-2.9	308.76	+2.8
Thailand	(52)	257.42	+5.0	258.60	+4.9
Euro/Mid East					
Greece	(17)	227.24	+0.2	265.94	+0.2
Portugal	(5)	163.62	-0.5	234.60	-0.5
Turkey	(16)	88.28	-1.1	110.26	+3.6
Turkey	(31)	128.53	+1.7	169.80	+3.7

Indices are calculated at end-week, and weekly changes are percentage movements from the previous Friday. Base date: Dec 1990. Most weekly changes are 1991/92; 1992/93; 1993/94; 1994/95; 1995/96; 1996/97; 1997/98; 1998/99; 1999/00; 2000/01; 2001/02; 2002/03; 2003/04; 2004/05; 2005/06; 2006/07; 2007/08; 2008/09; 2009/10; 2010/11; 2011/12; 2012/13; 2013/14; 2014/15; 2015/16; 2016/17; 2017/18; 2018/19; 2019/20; 2020/21; 2021/22; 2022/23; 2023/24; 2024/25; 2025/26; 2026/27; 2027/28; 2028/29; 2029/30; 2030/31; 2031/32; 2032/33; 2033/34; 2034/35; 2035/36; 2036/37; 2037/38; 2038/39; 2039/40; 2040/41; 2041/42; 2042/43; 2043/44; 2044/45; 2045/46; 2046/47; 2047/48; 2048/49; 2049/50; 2050/51; 2051/52; 2052/53; 2053/54; 2054/55; 2055/56; 2056/57; 2057/58; 2058/59; 2059/60; 2060/61; 2061/62; 2062/63; 2063/64; 2064/65; 2065/66; 2066/67; 2067/68; 2068/69; 2069/70; 2070/71; 2071/72; 2072/73; 2073/74; 2074/75; 2075/76; 2076/77; 2077/78; 2078/79; 2079/80; 2080/81; 2081/82; 2082/83; 2083/84; 2084/85; 2085/86; 2086/87; 2087/88; 2088/89; 2089/90; 2090/91; 2091/92; 2092/93; 2093/94; 2094/95; 2095/96; 2096/97; 2097/98; 2098/99; 2099/00; 2100/01; 2101/02; 2102/03; 2103/04; 2104/05; 2105/06; 2106/07; 2107/08; 2108/09; 2109/10; 2110/11; 2111/12; 2112/13; 2113/14; 2114/15; 2115/16; 2116/17; 2117/18; 2118/19; 2119/20; 2120/21; 2121/22; 2122/23; 2123/24; 2124/25; 2125/26; 2126/27; 2127/28; 2128/29; 2129/30; 2130/31; 2131/32; 2132/33; 2133/34; 2134/35; 2135/36; 2136/37; 2137/38; 2138/39; 2139/40; 2140/41; 2141/42; 2142/43; 2143/44; 2144/45; 2145/46; 2146/47; 2147/48; 2148/49; 2149/50; 2150/51; 2151/52; 2152/53; 2153/54; 2154/55; 2155/56; 2156/57; 2157/58; 2158/59; 2159/60; 2160/61; 2161/62; 2162/63; 2163/64; 2164/65; 2165/66; 2166/67; 2167/68; 2168/69; 2169/70; 2170/71; 2171/72; 2172/73; 2173/74; 2174/75; 2175/76; 2176/77; 2177/78; 2178/79; 2179/80; 2180/81; 2181/82; 2182/83; 2183/84; 2184/85; 2185/86; 2186/87; 2187/88; 2188/89; 2189/90; 2190/91; 2191/92; 2192/93; 2193/94; 2194/95; 2195/96; 2196/97; 2197/98; 2198/99; 2199/00; 2200/01; 2201/02; 2202/03; 2203/04; 2204/05; 2205/06; 2206/07; 2207/08; 2208/09; 2209/10; 2210/11; 2211/12; 2212/13; 2213/14; 2214/15; 2215/16; 2216/17; 2217/18; 2218/19; 2219/20; 2220/21; 2221/22; 2222/23; 2223/24; 2224/25; 2225/26; 2226/27; 2227/28; 2228/29; 2229/30; 2230/31; 2231/32; 2232/33; 2233/34; 2234/35; 2235/36; 2236/37; 2237/38; 2238/39; 2239/40; 2240/41; 2241/42; 2242/43; 2243/44; 2244/45; 2245/46; 2246/47; 2247/48; 2248/49; 2249/50; 2250/51; 2251/52; 2252/53; 2253/54; 2254/55; 2255/56; 2256/57; 2257/58; 2258/59; 2259/60; 2260/61; 2261/62; 2262/63; 2263/64; 2264/65; 2265/66; 2266/67; 2267/68; 2268/69; 2269/70; 2270/71; 2271/72; 2272/73; 2273/74; 2274/75; 2275/76; 2276/77; 2277/78; 2278/79; 2279/80; 2280/81; 2281/82; 2282/83; 2283/84; 2284/85; 2285/86; 2286/87; 2287/88; 2288/89; 2289/90; 2290/91; 2291/92; 2292/93; 2293/94; 2294/95; 2295/96; 2296/97; 2297/98; 2298/99; 2299/00; 2300/01; 2301/02; 2302/03; 2303/04; 2304/05; 2305/06; 2306/07; 2307/08; 2308/09; 2309/10; 2310/11; 2311/12; 2312/13; 2313/14; 2314/15; 2315/16; 2316/17; 2317/18; 2318/19; 2319/20; 2320/21; 2321/22; 2322/23; 2323/24; 2324/25; 2325/26; 2326/27; 2327/28; 2328/29; 2329/30; 2330/31; 2331/32; 2332/33; 2333/34; 2334/35; 2335/36; 2336/37; 2337/38; 2338/39; 2339/40; 2340/41; 2341/42; 2342/43; 2343/44; 2344/45; 2345/46; 2346/47; 2347/48; 2348/49; 2349/50; 2350/51; 2351/52; 2352/53; 2353/54; 2354/55; 2355/56; 2356/57; 2357/58; 2358/59; 2359/60; 2360/61; 2361/62; 2362/63; 2363/64; 2364/65; 2365/66; 2366/67; 2367/68; 2368/69; 2369/70; 2370/71; 2371/72; 2372/73; 2373/74; 2374/75; 2375/76; 2376/77; 2377/78; 2378/79; 2379/80; 2380/81; 2381/82; 2382/83; 2383/84; 2384/85; 2385/86; 2386/87; 2387/88; 2388/89; 2389/90; 2390/91; 2391/92; 2392/93; 2393/94; 2394/95; 2395/96; 2396/97; 2397/98; 2398/99; 2399/00; 2400/01; 2401/02; 2402/03; 2403/04; 2404/05; 2405/06; 2406/07; 2407/08; 2408/09; 2409/10; 2410/11; 2411/12; 2412/13; 2413/14; 2414/15; 2415/16; 2416/17; 2417/18; 2418/19; 2419/20; 2420/21; 2421/22; 2422/23; 2423/24; 2424/25; 2425/26; 2426/27; 2427/28; 2428/29; 242